

*A copy of this preliminary prospectus has been filed with the securities regulatory authorities in each of the provinces and territories of Canada but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authorities.*

*No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. This prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale therein and only by persons permitted to sell these securities.*

## PRELIMINARY PROSPECTUS

Initial Public Offering and Continuous Offering

February 16, 2021

### CI Galaxy Bitcoin ETF



**CI Galaxy Bitcoin ETF (the “ETF”) is an exchange traded mutual fund that invests in the digital currency bitcoin. Given the speculative nature of bitcoin and the volatility of the bitcoin markets, there is no assurance that the ETF will be able to meet its investment objective. An investment in the ETF is not intended as a complete investment program and is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment. An investment in the ETF is considered high risk.**

The ETF is offering U.S. dollar-denominated unhedged units (the “**ETF US\$ Series Units**”), Canadian-dollar denominated unhedged units (the “**ETF C\$ Unhedged Series Units**”) and Canadian-dollar denominated hedged units (the “**ETF C\$ Hedged Series Units**”) and together with the ETF US\$ Series Units and ETF C\$ Unhedged Series Units, the “**Units**”) for sale on a continuous basis by this prospectus and there is no minimum number of Units that may be issued. Units of the ETF are offered for sale at a price equal to the net asset value of such Units in the applicable currency next determined following the receipt of a subscription order.

The ETF is an alternative mutual fund within the meaning of National Instrument 81-102 *Investment Funds* (“**NI 81-102**”) established as a trust under the laws of the Province of Ontario. The ETF has the ability to invest in asset classes and use investment strategies that are not permitted for conventional mutual funds. While these strategies will be used in accordance with the ETF’s investment objective and strategies, during certain market conditions, they may accelerate the pace at which your investment decreases in value. The ETF is subject to restrictions and practices contained in Canadian securities legislation applicable to alternative mutual funds, including NI 81-102, and is managed in accordance with these restrictions, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities.

CI Investments Inc. (the “**Manager**”), a registered portfolio manager and investment fund manager, is the promoter, manager and the trustee of the ETF. The Manager is responsible for creating, structuring, managing and promoting the ETF and providing portfolio management services to the ETF. The Manager is a subsidiary of CI Financial Corp., an independent company offering global asset management and wealth management advisory services with approximately C\$231.5 billion in assets as of December 31, 2020. The Manager has retained Galaxy Digital Capital Management LP (the “**Subadvisor**”) to act as the bitcoin subadvisor for the ETF. The Subadvisor is a diversified digital asset management business with institutional experience managing third-party capital in alternative asset classes and strong relationships and connectivity in the digital asset, cryptocurrency and blockchain technology sector. The Subadvisor is an affiliate of Galaxy Digital Holdings Ltd., a diversified financial services and investment management company in this sector and is listed on the Toronto Stock Exchange (TSX:GLXY). See “Organization and Management Details of the ETF”. Cidel Trust Company (the “**Custodian**”) will act as the Custodian of the assets of the ETF pursuant to the Custodian Agreement (defined herein). Gemini Trust Company, LLC (the “**Sub-Custodian**”) will act as the Sub-Custodian in respect of the ETF’s holdings of bitcoin.

## Investment Objectives

The ETF's investment objective is to provide holders of Units (the "Unitholders") with exposure to bitcoin through an institutional-quality fund platform. See "Investment Objective". The ETF offers investors exposure to bitcoin by investing directly in bitcoin with the ETF's holdings of bitcoin priced based on the Bloomberg Galaxy Bitcoin Index (the "BTC"), a bitcoin pricing source administered and calculated by Bloomberg. The BTC is designed to measure the performance of a single bitcoin traded in USD.

## Listing of Securities

The Manager, on behalf of the ETF, has applied, or will apply, to list the Units of the ETF on the TSX. Listing is subject to the approval of the TSX in accordance with its original listing requirements. The TSX has not conditionally approved the Manager's listing application and there is no assurance that the TSX will approve the listing application. Subject to receiving conditional approval and satisfying the TSX's original listing requirements, the Units of the ETF will be listed on the TSX and investors will be able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investors reside. Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or the ETF in connection with buying or selling of Units on the TSX.

## Additional Considerations

The Manager, on behalf of the ETF, has entered into or will enter into agreements with registered dealers (each, a "Designated Broker" or "Dealer"), which among other things, enables or will enable such Dealers and the Designated Broker to purchase and redeem Units directly from an ETF. Unitholders will be able to redeem Units for cash at a redemption price per Unit of 95% of the closing price on the TSX on the effective day of redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective date of the redemption, less any applicable redemption fee determined by the Manager, in its sole discretion, from time to time. Unitholders are advised to consult their brokers or investment advisers before redeeming Units for cash. The ETF will also offer additional redemption options which are available where a Unitholder redeems a prescribed number of Units (a "PNU"). See "Purchases of Units" and "Redemption and Exchange of Units".

**No underwriter, Designated Broker or Dealer has been involved in the preparation of this prospectus or has performed any review of the contents of this prospectus.** The Canadian securities regulators have provided the ETF with a decision exempting it from the requirement to include a certificate of an underwriter in this prospectus. The Designated Broker and Dealers are not underwriters of the ETF in connection with the distribution of Units under this prospectus. While the ETF is a mutual fund under the securities legislation of certain provinces and territories of Canada, the ETF has been granted exemptive relief from certain provisions of Canadian securities legislation applicable to conventional mutual funds. See "Exemptions and Approvals".

Provided that the ETF qualifies as a "mutual fund trust" within the meaning of the *Income Tax Act* (Canada) as amended from time to time, and the regulations thereunder (the "Tax Act"), or the Units of a series of the ETF are listed on a "designated stock exchange" within the meaning of the Tax Act (which currently includes the TSX), the Units of the ETF, or the Units of such series of the ETF, respectively, if issued on the date hereof, would on such date be qualified investments under the Tax Act for a trust governed by a registered retirement savings plan ("RRSP"), a registered retirement income fund ("RRIF"), a registered disability savings plan ("RDSP"), a deferred profit sharing plan ("DPSP"), a registered education savings plan ("RESP") or a tax-free savings account ("TFSA" and, collectively with an RRSP, RRIF, RDSP, DPSP and RESP, the "Registered Plans").

There is no assurance that the ETF will be able to meet its investment objective. An investment in the ETF may be considered to be speculative and is appropriate only for investors who have the capacity to absorb investment losses of some or all of their investment and there are certain risks associated with an investment in Units. As it is the ETF's intention to invest in bitcoin on a passive basis, the ETF's holdings will not be actively managed and accordingly, will not be hedged or repositioned to attempt to take defensive positions if the price of bitcoin declines or is expected to decline. **For a discussion of the risks associated with an investment in Units, see "Risk Factors".**

During the period in which the ETF is in continuous distribution, additional information about the ETF will be available in its most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance, any interim management report of fund performance filed after that annual management report of fund performance and the most recently filed

ETF Facts. These documents will be incorporated by reference into this prospectus which means that they legally form part of this prospectus. For further details, see “Documents Incorporated by Reference”.

You can get a copy of these documents at your request, and at no cost, by calling 1-800-792-9355 (toll free) or by e-mail at [service@ci.com](mailto:service@ci.com) or from your dealer. These documents will also be available on the internet at [www.firstasset.com](http://www.firstasset.com). These documents and other information about the ETF will also be available on the website of SEDAR (the System for Electronic Document Analysis and Retrieval) at [www.sedar.com](http://www.sedar.com).

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## GLOSSARY OF TERMS

In this prospectus, the following terms shall have the meanings set forth below, unless otherwise indicated.

“**affiliate**” has the meaning ascribed thereto in the *Business Corporations Act* (Ontario).

“**air drops**” has the meaning ascribed thereto under “Risk Factors – Risks Factors Relating to Bitcoin – Air Drops”.

“**Annual Redemption Date**” means the second last Business Day of December of each year.

“**BTC**” means the Bloomberg Galaxy Bitcoin Index, an index designed to measure the performance of a single bitcoin traded in USD.

“**Business Day**” means any day on which the TSX is open for business.

“**CFIX**” means Bloomberg Crypto Fixing, a pricing algorithm that uses bid and ask quotes derived from multiple pricing sources approved by Bloomberg.

“**Codes**” has the meaning ascribed thereto under “Organization and Management Details of the ETF – Conflicts of Interest”.

“**CRA**” means the Canada Revenue Agency.

“**CRS**” has the meaning ascribed thereto under “Exchange of Tax Information”.

“**Custodian**” means Cidel Trust Company, the custodian of the assets of the ETF, and its assigns and successors as may be appointed by the Manager from time to time.

“**Custodian Agreement**” means the custodian agreement dated ●, 2021 between the Manager and the Custodian as it may be amended from time to time.

“**Dealer**” means a registered dealer (that may or may not be a Designated Broker) that has entered into a Dealer Agreement with the Manager, on behalf of the ETF, pursuant to which the Dealer may subscribe for Units of the ETF as described under “Purchases of Units”.

“**Dealer Agreement**” means an agreement between the Manager, on behalf of the ETF, and a Dealer.

“**Declaration of Trust**” means the declaration of trust of the ETF dated as of ●, 2021, as it may be supplemented, amended and/or restated from time to time.

“**Depository**” or “**CDS**” means CDS Clearing and Depository Services Inc. and includes any successor corporation or any other depository subsequently appointed by the ETF as the depository in respect of the Units.

“**Designated Broker**” means a registered dealer that has entered into a Designated Broker Agreement with the Manager on behalf of the ETF, pursuant to which the Designated Broker agrees to perform certain duties in relation to the ETF;

“**Designated Broker Agreement**” means an agreement between the Manager, on behalf of the ETF, and the Designated Broker;

“**Distribution Record Date**” means a date determined by the Manager as a record date for the determination of Unitholders of the ETF entitled to receive a distribution.

“**ETF**” means CI Galaxy Bitcoin ETF, a trust established under the laws of the Province of Ontario pursuant to the Declaration of Trust.

“**Extraordinary Resolution**” means a resolution passed by the affirmative vote of at least 66⅔% of the votes cast either in person or by proxy, at a meeting of Unitholders called for the purpose of considering such resolution.

“**FinCEN**” has the meaning ascribed thereto under “Risk Factors – Risks Factors Relating to Bitcoin – Network Forks”.

“**Guidelines**” has the meaning ascribed thereto under “Proxy Voting Disclosure for Portfolio Securities Held”.

“**hashrate**” refers to the amount of computing power that miners are using to validate the Bitcoin blockchain, measured in hashes per second.

“**HSMs**” means hardware security modules.

“**IRC**” means the independent review committee of the ETF.

“**Management Fee**” has the meaning ascribed thereto under “Fees and Expenses – Management Fee”.

“**Management Fee Distribution**” has the meaning ascribed thereto under “Fees and Expenses – Management Fee Distributions”.

“**Manager**” means CI Investments Inc., in its capacity as manager of the ETF.

“**miners**” has the meaning ascribed thereto under “Investment Overview – Introduction to Bitcoin”.

“**Net Asset Value of the ETF**” or “**NAV of the ETF**” on a particular date is equal to (i) the aggregate fair value of the assets of the ETF, less (ii) the aggregate fair value of the liabilities of the ETF.

“**Net Asset Value per Unit**” or “**NAV per Unit**” means, for a series of Units on any date, the number obtained by dividing the NAV of the ETF attributable to the series of Units on such date by the total number of Units of the series outstanding on such date.

“**NI 81-102**” means National Instrument 81-102 *Investment Funds* of the Canadian Securities Administrators, as it may be amended from time to time.

“**NI 81-107**” means National Instrument 81-107 *Independent Review Committee for Investment Funds* of the Canadian Securities Administrators, as it may be amended from time to time.

“**OECD**” means the Organization for Economic Co-operation and Development.

“**Participant**” or “**CDS Participant**” means a participant in the Depository.

“**Participating Jurisdictions**” has the meaning ascribed to it thereto under “Exchange of Tax Information”.

“**Permitted Merger**” has the meaning ascribed thereto under “Unitholder Matters – Permitted Mergers”.

“**PNU**” means a prescribed number of Units of a series of the ETF as determined by the Manager from time to time for the purpose of subscription orders, redemptions or for such other purposes as the Manager may determine.

“**Registered Plans**” has the meaning ascribed thereto under “Additional Considerations”.

“**Registrar and Transfer Agent**” means TSX Trust Company and its successors as may be appointed by the Manager from time to time.

“**RESP**” has the meaning ascribed thereto under “Additional Considerations”.

“**RDSP**” has the meaning ascribed thereto under “Additional Considerations”.

“**RRIF**” has the meaning ascribed thereto under “Additional Considerations”.

“**RRSP**” has the meaning ascribed thereto under “Additional Considerations”.

“**scaling**” means increasing the capacity of transactions a network can handle at the core blockchain layer.

“**SIFT Rules**” means the provisions of the Tax Act providing for a tax on certain income earned by a “SIFT trust” or “SIFT partnership”, as those terms are defined in the Tax Act.

“**SIFT Partnership**” means a partnership to which the SIFT Rules apply.

“**SIFT Trust**” means a trust to which the SIFT Rules apply.

“**stablecoin**” is a type of cryptocurrency that is pegged to an underlying asset, such as the U.S. dollar or gold.

“**Subadvisor**” means Galaxy Digital Capital Management LP, in its capacity as subadvisor of the ETF.

“**Subadvisor Agreement**” has the meaning ascribed thereto under “Organization and Management Details of the ETF – The Subadvisor”.

“**Sub-Custodian**” or “**Gemini**” means Gemini Trust Company, LLC, a sub-custodian of the ETF in respect of the ETF’s holdings of bitcoin pursuant to the Sub-Custodian Agreement.

“**Sub-Custodian Agreement**” means sub-custodian agreement dated ●, 2021 among the Custodian, the ETF and the Sub-Custodian as it may be amended from time to time.

“**substituted property**” has the meaning ascribed thereto under “Income Tax Considerations – Taxation of the ETF”.

“**Tax Act**” means the *Income Tax Act* (Canada) and the regulations thereunder, as it may be amended from time to time.

“**Tax Amendment**” means a proposed amendment to the Tax Act publicly announced by the Minister of Finance (Canada) prior to the date hereof.

“**TFSA**” has the meaning ascribed thereto under “Additional Considerations”.

“**Trading Day**” means any day on which the TSX is open for business.

“**Trustee**” means CI Investments Inc., in its capacity as trustee of the ETF.

“**TSX**” means the Toronto Stock Exchange.

“**United States**” or “**U.S.**” means the United States of America.

“**Unitholders**” means, unless the context requires otherwise, the owners of the beneficial interest in the Units.

“**Valuation Agent**” means CIBC Mellon Global Securities Services Company, in its capacity as valuation agent of the ETF.

“**Valuation Day**” has the meaning ascribed thereto under “Calculation of Net Asset Value”.

“**Valuation Time**” has the meaning ascribed thereto under “Calculation of Net Asset Value”.

## PROSPECTUS SUMMARY

*The following is a summary of the principal features of the Units of the ETF and should be read together with the more detailed information, financial data and financial statements contained elsewhere in this prospectus or incorporated by reference in this prospectus. Certain capitalized terms used, but not defined in, this summary are defined in the “Glossary of Terms”. Unless otherwise indicated, all references to dollar amounts in this prospectus are to U.S. dollars.*

**Issuer:**

CI Galaxy Bitcoin ETF (the “**ETF**”) is an alternative mutual fund within the meaning of National Instrument 81-102 *Investment Funds* (“**NI 81-102**”) established as a trust under the laws of the Province of Ontario pursuant to a declaration of trust (the “**Declaration of Trust**”) by CI Investments Inc. (in such capacity, the “**Trustee**”) as trustee of the ETF. See “Overview of the Legal Structure of the ETF”.

The ETF has the ability to invest in asset classes and use investment strategies that are not permitted for conventional mutual funds. While these strategies will be used in accordance with the ETF’s investment objective and strategies, during certain market conditions, they may accelerate the pace at which your investment decreases in value. The ETF is subject to restrictions and practices contained in Canadian securities legislation applicable to alternative mutual funds, including NI 81-102, and is managed in accordance with these restrictions, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities.

**Offering:**

The ETF is offering U.S.-dollar denominated unhedged units (the “**ETF US\$ Series Units**”) and Canadian-dollar denominated unhedged units (the “**ETF C\$ Unhedged Series Units**”) and Canadian-dollar denominated hedged units (the “**ETF C\$ Hedged Series Units**”) and together with the ETF US\$ Series Units and ETF C\$ Unhedged Series Units, the “**Units**”) for sale on a continuous basis by this prospectus.

**Continuous Distribution:**

The Units are offered for sale on a continuous basis by this prospectus and there is no minimum number of Units that may be issued. Units of the ETF are offered for sale at a price equal to the Net Asset Value of such Units in the applicable currency next determined following the receipt of a subscription order.

The Manager, on behalf of the ETF, has applied, or will apply, to list the Units of the ETF on the Toronto Stock Exchange (the “**TSX**”). Listing is subject to the approval of the TSX in accordance with its original listing requirements. The TSX has not conditionally approved the Manager’s listing application and there is no assurance that the TSX will approve the listing application. Subject to receiving conditional approval and satisfying the TSX’s original listing requirements, the Units of the ETF will be listed on the TSX and investors will be able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investors reside. Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or the ETF in connection with buying or selling of Units on the TSX.

The ETF issues, or will issue, Units directly to the applicable Designated Broker and Dealers. See “Plan of Distribution” and “Purchases of Units – Issuance of Units”.



**Investment Objective:** The ETF's investment objective is to provide holders of Units (the "Unitholders") exposure to bitcoin through an institutional-quality fund platform. See "Investment Objective".

**Investment Strategy:** To achieve its investment objective, the ETF will invest directly in bitcoin and will utilize high-quality service providers in the digital assets sector (e.g., digital asset custodians, trading platforms and trading counterparties) in order to manage the assets of the ETF. For example, the ETF's portfolio will be priced based on, and the ETF's Net Asset Value will be calculated using, the Bloomberg Galaxy Bitcoin Index ("BTC"). The BTC is designed to measure the performance of a single bitcoin traded in USD and is owned and administered by Bloomberg Index Services Limited and is co-branded with Galaxy Digital Capital Management LP, the Subadvisor of the ETF.

As it is the ETF's intention to invest in bitcoin on a passive basis, the ETF's holdings will not be actively managed and accordingly, will not be hedged or repositioned to attempt to take defensive positions if the price of bitcoin declines or is expected to decline.

The Manager has retained Galaxy Digital Capital Management LP (the "Subadvisor") to act as the bitcoin subadvisor for the ETF.

The ETF may also hold cash and cash equivalents or other money market instruments in order to meet its current obligations. The ETF does not intend to use derivatives in connection with its investment strategy, other than a currency hedging strategy in respect of ETF C\$ Hedged Series, and does not intend to pay cash distributions.

Generally, the ETF does not intend to borrow money or employ other forms of leverage to acquire bitcoin for its portfolio. The ETF may however borrow money on a temporary short-term basis to acquire bitcoin in connection with a subscription for Units by a Dealer. Any borrowing by the ETF will be made in accordance with the borrowing restrictions applicable to an alternative mutual fund under NI 81-102.

It is intended that substantially all of the U.S. dollar currency exposure of the ETF's holdings attributable to the ETF C\$ Hedged Series Units will be hedged back to the Canadian dollar by using derivatives, including currency forward contracts. Hedging currency exposure to reduce the impact of fluctuations in the U.S. / Canadian dollar exchange rate is intended to reduce the direct exposure to currency risk for Unitholders of ETF C\$ Hedged Series Units.

The ETF's functional and presentation currency is in U.S. dollars. The ETF will purchase bitcoin which is currently denominated in U.S. dollars.

See "Investment Strategy".

**Special Considerations for Purchasers:** The provisions of the so-called "early warning" requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units of the ETF. In addition, the ETF is entitled to rely on exemptive relief from the Canadian securities regulatory authorities to permit a Unitholder of the ETF to acquire more than 20% of the Units of the ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation.

See "Attributes of the Securities - Description of the Securities Distributed".

**Distributions:** It is not anticipated that the ETF will make cash distributions. The amount of ordinary cash distributions, if any, will be based on the Manager's assessment

of prevailing market conditions, anticipated cash flow and anticipated expenses of the ETF from time to time, and will be made at the discretion of the Manager. See “Distribution Policy”.

**Redemptions and Exchanges:** In addition to the ability to sell Units on the TSX, Unitholders may redeem Units for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable redemption fee determined by the Manager, in its sole discretion, from time to time. The redemption price will be paid in U.S. dollars.

The ETF also offers additional redemption and exchange options which are available where a Dealer, Designated Broker, or Unitholder redeems a prescribed number of Units (“PNU”) as determined by the Manager from time to time for the purpose of subscription orders, redemptions or for other purposes. See “Redemption and Exchange of Units”.

**Income Tax Considerations:** This summary of Canadian federal income tax considerations for the ETF and for Canadian resident Unitholders is subject in its entirety to the qualifications, limitations and assumptions set out under “Income Tax Considerations”.

A Unitholder who is an individual (other than a trust) resident in Canada and who holds Units as capital property (all within the meaning of the Tax Act) will generally be required to include in the Unitholder’s income for tax purposes for any year the amount of net income and net taxable capital gains of the ETF paid or payable to the Unitholder in the year and deducted by the ETF in computing its income. Any return of capital from the ETF paid or payable to a Unitholder in a taxation year will reduce the adjusted cost base of the Unitholder’s Units. To the extent that a Unitholder’s adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the adjusted cost base of the Unit to the Unitholder will be increased by the amount of such capital gain. Any loss of the ETF cannot be allocated to, and cannot be treated as a loss of, the Unitholders. Upon the actual or deemed disposition of a Unit, including redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition of the Unit exceeds (or is less than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition.

The Declaration of Trust requires that the ETF distribute its net income and net realized capital gains, if any, for each taxation year to Unitholders to such an extent that the ETF will not be liable in respect of the taxation year for ordinary income tax.

**Each investor should satisfy himself or herself as to the federal and provincial tax consequences of an investment in Units by obtaining advice from his or her tax advisor.** See “Income Tax Considerations”.

**Eligibility for Investment:** Provided that the ETF qualifies (or is deemed to qualify) as a “mutual fund trust” within the meaning of the Tax Act or the Units of a series of the ETF are listed on a “designated stock exchange” within the meaning of the Tax Act (which currently includes the TSX), the Units of the ETF, or the Units of such series of the ETF, respectively, if issued on the date hereof, would on such date be qualified investments under the Tax Act for a trust governed by a Plan.

See “Income Tax Considerations – Taxation of Registered Plans”.

**Documents Incorporated by Reference:**

During the period in which the ETF is in continuous distribution, additional information about the ETF will be available in its most recently filed annual financial statements, any interim financial statements filed after those annual financial statements, the most recently filed annual management report of fund performance, any interim management report of fund performance filed after that annual management report of fund performance, and the most recently filed ETF Facts document. These documents will be incorporated by reference into this prospectus. Documents incorporated by reference into this prospectus legally form part of this prospectus just as if they were printed as part of this prospectus. These documents will be publicly available on the website of the ETF at [www.firstasset.com](http://www.firstasset.com) and may be obtained upon request, at no cost, by calling 1-800-792-9355 (toll free) or by e-mail at [service@ci.com](mailto:service@ci.com) or by contacting your dealer. These documents and other information about the ETF is also publicly available at [www.sedar.com](http://www.sedar.com).

See “Documents Incorporated by Reference”.

**Termination:**

Pursuant to the Declaration of Trust, the ETF may be terminated at any time by the Manager provided that the prior approval of Unitholders has been obtained by a majority vote at a meeting of Unitholders called for that purpose; provided, however, that the Manager may, in its discretion, terminate the ETF without the approval of Unitholders if, in the opinion of the Manager, it is no longer economically practical to continue the ETF or it would be in the best interests of the ETF. Upon termination, the net assets of the ETF will be distributed on a *pro rata* basis based on the Net Asset Value of each series of Units of the ETF. See “Termination of the ETF”

**Risk Factors:**

An investment in Units is subject to certain risk factors, including risks related to bitcoin and risks relating to an investment in the ETF. Such risks are described under the heading “Risk Factors”.

***Organization and Management of the ETF***

**The Manager, Trustee and Portfolio Manager:**

CI Investments Inc., a registered portfolio manager and investment fund manager, is the manager, trustee and portfolio manager of the ETF. The Manager will perform the management functions, including the day-to-day management of the ETF, and will provide or arrange for the provision of all administrative and management services required by the ETF.

CI Investments Inc., in its capacity as portfolio manager, provides investment advisory and portfolio management services to the ETF.

The principal office of CI Investments Inc. is located at 2 Queen Street East, 20<sup>th</sup> Floor, Toronto, Ontario M5C 3G7.

See “Organization and Management Details of the ETF”.

**Promoter:**

CI Investments Inc. is also the promoter of the ETF. CI Investments Inc. took the initiative in founding and organizing the ETF and is, accordingly, the promoter of the ETF within the meaning of securities legislation of certain provinces and territories of Canada.

**Subadvisor:**

Galaxy Digital Capital Management LP will act as the bitcoin subadvisor for the ETF. See “Organization and Management Details of the ETF – The Subadvisor”. The Subadvisor is located in New York, New York.

**Custodian:**

Cidel Trust Company (the “**Custodian**”) will act as the custodian of the assets of the ETF pursuant to the Custody Agreement. The Custodian is a federally regulated trust company based in Calgary, Alberta and will provide services to

the ETF from its office in Toronto, Ontario. The Custodian is a wholly-owned subsidiary of Cidel Bank Canada, a Schedule II Bank regulated by the Office of the Superintendent of Financial Institutions (OSFI). The Custodian may and is expected to appoint a sub-custodian in accordance with NI 81-102. See “Organization and Management Details of the ETF – Custodian”.

**Sub-Custodian:** Gemini Trust Company, LLC (the “**Sub-Custodian**” or “**Gemini**”) will act as a sub-custodian of the ETF in respect of the ETF’s holdings of bitcoin pursuant to the Sub-Custodian Agreement. The Sub-Custodian is a trust company licensed and regulated by the New York State Department of Financial Services (NYDFS) and is qualified to act as a sub-custodian of the ETF for the assets held outside of Canada in accordance with NI 81-102. See “Organization and Management Details of the ETF – The Sub-Custodian”.

**Valuation Agent:** CIBC Mellon Global Securities Services Company (the “**Valuation Agent**”) will act as the valuation agent of the ETF and will provide accounting and valuation services for the ETF. See “Organization and Management Details of the ETF – Valuation Agent”.

**Auditors:** The auditors of the ETF are Ernst & Young LLP. The auditors are independent with respect to the ETF within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario. The head office of Ernst & Young LLP is located in Toronto, Ontario.

See “Organization and Management Details of the ETF – Auditors”.

**Registrar and Transfer Agent:** TSX Trust Company (the “**Registrar and Transfer Agent**”) will be appointed the registrar and transfer agent for the Units pursuant to a master registrar and transfer agency agreement. The Registrar and Transfer Agent is independent of the Manager. See “Organization and Management Details of the ETF – The Registrar and Transfer Agent”.

### *Summary of Fees and Expenses*

The following table lists the fees and expenses payable by the ETF, and the fees and expenses that Unitholders may have to pay if they invest in the ETF. Unitholders may have to pay some of these fees and expenses directly.

Alternatively, the ETF may have to pay some of these fees and expenses, which will therefore reduce the value of an investment in the ETF. For further particulars, see “Fees and Expenses”.

<b>Type of Fee:</b>	<b>Description</b>
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*Fees and Expenses Payable by the ETF*

<b>Management Fee:</b>	An annual management fee (the “ <b>Management Fee</b> ”) of 1% of the Net Asset Value of the ETF, calculated daily and payable monthly in arrears, plus applicable taxes, will be paid to the Manager.
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The Subadvisor will be remunerated by the Manager out of the Management Fee.

The Manager may, at its discretion, agree to charge a reduced fee as compared to the fee it would otherwise be entitled to receive from the ETF with respect to large investments in the ETF by Unitholders. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity. In such cases, an amount equal to the difference between the fee otherwise chargeable and the reduced fee will be distributed by the ETF to the applicable Unitholders as management fee distributions.

See “Fees and Expenses” and “Income Tax Considerations”.

<b>Operating Expenses:</b>	In addition to the Management Fee, the ETF pays for all ordinary expenses incurred in connection with its operation and administration. Unless otherwise waived or reimbursed by the Manager, and subject to compliance with National Instrument 81-102 <i>Investment Funds</i> (“ <b>NI 81-102</b> ”), it is expected that the expenses for the ETF will include, as applicable, without limitation: all costs and expenses associated with the execution of transactions in respect of the ETF’s investment in bitcoin; audit fees; fees payable to third-party service providers; trustee and custodial expenses including fees payable to the Custodian and Sub-Custodian; valuation, accounting and record keeping costs; legal expenses; prospectus preparation and filing expenses; costs associated with delivering documents to Unitholders; listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements; costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies; Depositary fees; bank related fees and interest charges; extraordinary expenses; reports to Unitholders and servicing costs; registrar and transfer agent fees; fees and expenses of the members of the Independent Review Committee (the “ <b>IRC</b> ”); expenses related to compliance with National Instrument NI 81-107 <i>Independent Review Committee for Investment Funds</i> (“ <b>NI 81-107</b> ”); fees and expenses relating to the voting of proxies by a third party; premiums for directors’ and officers’ insurance coverage for the members of the IRC; income taxes; all applicable sales taxes; brokerage expenses and commissions; and withholding taxes. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Subadvisor, the Custodian, the Sub-Custodian the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the ETF.
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In respect of ETF C\$ Hedged Series, such series is responsible for its own currency hedging transactions and the costs and gains or losses of such hedging transactions will be attributable and accrue solely to such series.

See “Fees and Expenses”.

**Expenses of the Issue:** All expenses related to the issuance of Units of the ETF shall be borne by the ETF unless otherwise waived or reimbursed by the Manager.  
See “Fees and Expenses”.

*Fees and Expenses Payable Directly by Unitholders*

**Redemption Fee:** An amount as may be agreed to between the Manager and the Designated Broker or a Dealer of the ETF may be charged by the Manager at its discretion, on behalf of the ETF, to the Designated Broker and/or Dealers to offset certain transaction costs including brokerage expenses, commissions and other costs and expenses associated with the issue and redemption of Units of the ETF to or by such Designated Broker and/or Dealer. The Manager will publish the current redemption fee, if any, on its website, [www.firstasset.com](http://www.firstasset.com). This fee, which is payable to the applicable ETF, does not apply to Unitholders who buy and sell their Units through the facilities of the TSX.

See “Redemption and Exchange of Units”.

## OVERVIEW OF THE LEGAL STRUCTURE OF THE ETF

CI Galaxy Bitcoin ETF (the “**ETF**”) is an alternative mutual fund within the meaning of National Instrument 81-102 *Investment Funds* (“**NI 81-102**”) established as a trust under the laws of the Province of Ontario pursuant to a declaration of trust dated ●, 2021 (the “**Declaration of Trust**”). The manager, trustee, promoter and portfolio manager of the ETF is CI Investments Inc. (the “**Manager**”). The principal office of the Manager is located at 2 Queen Street East, 20<sup>th</sup> Floor, Toronto, Ontario, M5C 3G7.

The ETF is a mutual fund under the securities legislation of certain provinces and territories of Canada, however certain provisions of Canadian securities legislation applicable to conventional mutual funds do not apply to the ETF because the ETF is an “alternative mutual fund” within the meaning of NI 81-102. The ETF is subject to restrictions and practices contained in Canadian securities legislation applicable to alternative mutual funds, including NI 81-102, and is managed in accordance with these restrictions, except as otherwise permitted by exemptions provided by Canadian securities regulatory authorities

The Manager, on behalf of the ETF, has applied, or will apply, to list the Units of the ETF on the Toronto Stock Exchange (the “**TSX**”). Listing is subject to the approval of the TSX in accordance with its original listing requirements. The TSX has not conditionally approved the Manager’s listing application and there is no assurance that the TSX will approve the listing application. Subject to receiving conditional approval and satisfying the TSX’s original listing requirements, the Units of the ETF will be listed on the TSX and investors will be able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investors reside. Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or the ETF in connection with buying or selling of Units on the TSX.

### INVESTMENT OBJECTIVE

The ETF’s investment objective is to provide holders of Units (the “**Unitholders**”) exposure to bitcoin through an institutional-quality fund platform.

The investment objectives of the ETF may not be changed except with the approval of its Unitholders. See “Unitholder Matters”.

### INVESTMENT STRATEGY

To achieve its investment objective, the ETF will invest directly in bitcoin and will utilize high-quality service providers in the digital assets sector (e.g., digital asset custodians, trading platforms and trading counterparties) in order to manage the assets of the ETF. The ETF’s portfolio will be priced based on, and the Net Asset Value of the ETF will be calculated using, the Bloomberg Galaxy Bitcoin Index (“**BTC**”) or such other index as the Manager may select from time to time, in its discretion. The BTC is designed to measure the performance of a single bitcoin traded in USD and is owned and administered by Bloomberg Index Services Limited and is co-branded with the Subadvisor, however the Subadvisor has no input into the pricing of the BTC. The BTC is calculated using Bloomberg Crypto Fixing (“**CFIX**”) as its primary input. CFIX is a pricing algorithm that uses bid and ask quotes derived from multiple pricing sources approved by Bloomberg.

In the event that the Manager determines that it is in the best interest of the ETF to select another pricing source for the bitcoin held by the ETF from time to time, the Manager will, in selecting such alternative pricing source, have regard for the appropriateness and reliability of the data to be relied upon with particular regard for the adequacy of AML/KYC protections and the protocols designed to address potential price manipulation.

As it is the ETF’s intention to invest in bitcoin on a passive basis, the ETF’s holdings will not be actively managed and accordingly, will not be hedged or repositioned to attempt to take defensive positions if the price of bitcoin declines or is expected to decline.

The Manager has retained Galaxy Digital Capital Management LP (the “**Subadvisor**”) to act as the bitcoin subadvisor for the ETF. The Subadvisor will execute all bitcoin trading on behalf of the ETF pursuant to the terms of the Subadvisor Agreement.

Bitcoin will be purchased for the ETF in the OTC market through counterparties approved by the Subadvisor. All trading counterparties must go through the Subadvisor's anti-money laundering and know-your-client process, which has been modeled from programs established under the U.S. *Bank Secrecy Act*.

The ETF may also hold cash and cash equivalents or other money market instruments in order to meet its current obligations.

The ETF does not intend to use derivatives in connection with its investment strategy, other than a currency hedging strategy in respect of ETF C\$ Hedged Series, and does not intend to pay cash distributions.

Generally, the ETF does not intend to borrow money or employ other forms of leverage to acquire bitcoin for its portfolio. The ETF may however borrow money on a temporary short-term basis to acquire bitcoin in connection with a subscription for Units by a Dealer. Any borrowing by the ETF will be made in accordance with the borrowing restrictions applicable to an alternative mutual fund under NI 81-102.

The ETF's functional and presentation currency is and the investor's investment will be made in U.S. dollars (although the ETF and investors are required to compute their income and gains for Canadian tax purposes in Canadian dollars – see "Income Tax Considerations"). The ETF will purchase bitcoin which is currently denominated in U.S. dollars.

### ***Currency Hedging in respect of ETF C\$ Hedged Series Units***

It is intended that substantially all of the U.S. dollar currency exposure of the ETF's holdings attributable to the ETF C\$ Hedged Series Units will be hedged back to the Canadian dollar by using derivatives, including currency forward contracts. Hedging currency exposure to reduce the impact of fluctuations in the U.S. / Canadian dollar exchange rate is intended to reduce the direct exposure to currency risk for Unitholders of ETF C\$ Hedged Series Units. The currency hedging mandate applicable to the ETF C\$ Hedged Series Units shall not be changed by the Manager without first obtaining approval of Unitholders of such series. Other than the foregoing, the ETF does not use derivatives.

## **OVERVIEW OF THE SECTORS THAT THE ETF INVESTS IN**

The ETF will invest substantially all of its assets in bitcoin. Bitcoin was the first blockchain-based digital currency when it was launched in 2009. Originally conceived as a peer-to-peer digital currency for the Internet, bitcoin is also considered by many to be an alternative asset class for investment. Bitcoin builds on a history of technological advancements in computer science and cryptography, and it is designed to facilitate transactions without a centralized intermediary in a secure and transparent way. As bitcoin is not a government issued currency, its creation and value is not determined by central governments or banks.

Movement of bitcoin is facilitated by a digital, transparent ledger, enabling the rapid transfer of value across the internet without the need for centralized intermediaries. The bitcoin network software source code includes the protocol that governs the creation of bitcoin and the cryptographic operations that verify and secure bitcoin transactions. Blockchain technology provides an official record of every bitcoin transaction (including creation or "mining" of new bitcoin) and every bitcoin address associated with a quantity of bitcoin. The bitcoin network, and software applications built atop it, can interpret the blockchain to determine the exact bitcoin balance, if any, of any public bitcoin address listed in the blockchain. A bitcoin private key controls the transfer or "spending" of bitcoin from its associated public bitcoin address. A bitcoin "wallet" is a collection of public bitcoin addresses and their associated private key(s). It is designed such that only the owner of bitcoin can send bitcoin, only the intended recipient of bitcoin can unlock what the sender sent and the transactional validation and bitcoin ownership can be verified by any third party participant in the blockchain. Bitcoin private keys are stored in two different forms: "hot wallet" storage, whereby the private keys are connected to the internet; and "cold" storage, whereby digital currency private keys are stored completely offline. Private keys must be safeguarded and kept private in order to prevent a third-party from accessing the digital asset while held in cold storage.

The hardware providers for the bitcoin network are called "miners". Miners buy specialized computational equipment in the form of servers that are comprised of primarily application-specific integrated circuits (ASICs), and these servers have been constructed entirely for the purpose of verifying bitcoin transactions, building bitcoin's blockchain and thereby minting new bitcoin.

The Manager believes the advantages of investing in Units of the ETF to obtain exposure to bitcoin are as follows:



- (a) *Expedient way to obtain exposure to bitcoin* – The ETF provides investors with a convenient way to get exposure to bitcoin and the bitcoin market by virtue of owning Units of the ETF. The ETF also offers additional safeguards such as monitoring and oversight of the ETF’s bitcoin by the Subadvisor that has institutional experience managing capital in the digital assets and the cryptocurrency sector, as well as operational efficiencies provided by the Manager which has more than forty years of experience managing a variety of Canadian, global, industry and alternative funds.
- (b) *Secure storage of bitcoin* – The ETF’s bitcoin will be stored in the Sub-Custodian’s (Gemini’s) segregated cold storage system, protected in accordance with industry leading protocol. The Sub-Custodian is licensed and regulated by the New York State Department of Financial Services to act as custodian of bitcoin. The Sub-Custodian will store the ETF’s bitcoin offline using segregated cold storage bitcoin addresses and the ETF’s private keys will have no contact with the internet which is intended to safeguard the ETF’s bitcoin from theft, loss, destruction and other issues such as technological attacks.

### ***Bitcoin’s Fixed Supply Properties***

Bitcoin’s underlying code controls how much new bitcoin is created and limits the maximum amount of bitcoin that will ever exist to 21 million. Accordingly, bitcoin has a price-inelastic supply, meaning that a change in price cannot change its supply issuance. To date, approximately 18.5 million of the total supply has been issued as block rewards to miners securing and validating bitcoin’s network. A block reward refers to the amount of new bitcoins distributed by the network to miners for each successfully solved block (i.e. a block that will be accepted as part of the blockchain). The block reward schedule was set by bitcoin’s creator at its inception and it is the only way that new bitcoins are created on the network. At its inception, each bitcoin block reward was worth 50 bitcoins and the reward is halved after the discovery of every 210,000 blocks, which takes approximately four years. The amount of new bitcoin being issued decreases as mining rewards are halved until eventually no more new bitcoin is issued. The most recent bitcoin supply reduction occurred in May 2020, when the supply issuance was reduced from 12.5 bitcoin per block to 6.25 bitcoin per block. This block reward for miners will continue to be reduced on a fixed schedule until it approaches zero, estimated to be around 2140.

### ***Bitcoin – A Digital Store of Value***

In the past, gold has been associated with “safe-haven assets”, being assets that have low correlation with the stock or bond markets or other asset classes and are typically sought after in times of turbulent economic conditions to provide a store of value. Bitcoin is considered to have some of the same attributes as physical gold.

*Scarcity* – Bitcoin has a finite supply and is limited to 21 million bitcoins. A measure of scarcity for a resource, such as a precious metals and other commodities, is the stock-to-flow ratio, which measures the existing supply of a resource divided by the amount produced annually. The higher the stock-to-flow ratio, the less new supply enters the market relative to the total supply. As of December 31, 2019, bitcoin’s stock-to-flow ratio was (27), compared to gold (65).

*Transferability* – Bitcoin is divisible into smaller units and can travel across borders in the same manner that other information is shared across the Internet and is easily transportable.

*Decentralized nature* – The bitcoin network and blockchain is decentralized, meaning that it is not regulated or verified by a central authority. Unlike fiat currency or government-issued currencies, bitcoin is created, distributed, stored, and verified with the use of a decentralized ledger system (i.e. the blockchain).

*Verifiability* – Bitcoin has a built-in protection against counterfeiting, as the source code of the blockchain and the decentralized blockchain ledger system verifies the authenticity of each bitcoin.

### ***Acceptance of Blockchain Technology and Digital Assets***

Blockchain is a shared ledger that facilitates the process of recording transactions and tracking assets in a business network. Virtually anything of value can be tracked and traded on a blockchain network, reducing risk and transaction costs.

According to a survey undertaken by CryptoTapas, 82% of Fortune 100 companies have either implemented, invested, or explored the use case of blockchain technology in their business. According to the study, companies that have begun to implement blockchain technologies include Walmart, Toyota, Exxon, Apple and Amazon for use cases ranging from tracking supply chains to transacting faster payments. In September 2019, Bakkt, a subsidiary of the Intercontinental Exchange (ICE), was launched to enable institutional, merchant, and consumer access to digital assets with bitcoin as its primary focus. Most notably, JP Morgan Chase created JPM Coin to facilitate efficient cross-border payments, Starbucks is working with NYSE / ICE through its Bakkt platform to test launch a consumer app for digital asset payments, and Facebook is also working on bringing a digital payments systems using stablecoins or currency-based coins to its users. Additionally, stablecoin's aggregate issuance has exceeded \$20 billion, PayPal announced its plans on rolling out direct purchases of digital assets for its over 325 million users.

### ***Developments in Bitcoin and Cryptocurrencies***

A number of developments are facilitating the allocation of assets to bitcoin including regulatory oversight of trading platforms and institutional custody for bitcoin. In mid-2015, the New York Department of Financial Services (NYDFS) started to grant cryptocurrency licenses and charters. Two years later, the U.S. Commodity Futures Trading Commission (CFTC) approved platforms, such as the Chicago Mercantile Exchange (CME) and the CBOE Futures Exchange (CFE), to trade bitcoin futures. In mid-2018, the staff at the U.S. Securities and Exchange Commission (SEC) clarified bitcoin's status as a non-security, an important assessment as debate around cryptocurrency regulation was often focused on coins' status as a security. In 2020, the U.S. Office of the Comptroller of the Currency (OCC) clarified that financial institutions may custody digital assets on behalf of their clients. More recently, the OCC issued a letter allowing for banks to use stablecoins to facilitate payment activities.

The SEC, CFTC, and Financial Industry Regulatory Authority (FINRA) regulated institutional participants including CME, Fidelity, Gemini and Bakkt are standardizing custody, trading, and settlement of digital assets. Furthermore, these entities are audited by major accounting firms and have received System and Organization Controls (SOC) reports as a result of routine independent SOC exams.

Central banks have introduced digital currencies (CBDCs), led by China's digital renminbi and Sweden's e-krona. A recent study, conducted by Boar, C., Holden, H. and Wadsworth, A., notes that among 66 central banks surveyed, more than 80% are working on CBDCs.

### ***Bitcoin Trading Platforms***

Currently, there are over 200 bitcoin trading platforms globally. Those that experience the most trading volumes include Binance, Huobi Global, Coinbase Pro, MXC and Kraken. In accordance with applicable anti-money laundering regulations, a majority of these exchanges require know-your-client (KYC) verification procedures. Bitcoin trading platforms are generally open 24 hours a day. The ETF's bitcoin will be priced based upon the BTC. The BTC is designed to measure the performance of a single bitcoin traded in USD. As the BTC is calculated as an average of those pricing sources selected by Bloomberg, it will not necessarily be reflective of the price of bitcoin available on any given bitcoin trading platform where the ETF's trades are executed.

In 2017, the CFTC approved platforms, such as the Chicago Mercantile Exchange (CME) and the CBOE Futures Exchange (CFE), to trade bitcoin futures. The over-the-counter (OTC) bitcoin market includes spot, forward, option and other derivative transactions conducted on a principal-to-principal basis.

Bitcoin will be purchased for the ETF in the OTC market through counterparties approved by the Subadvisor. All trading counterparties must go through the Subadvisor's anti-money laundering and know-your-client process, which has been modeled from programs established under the U.S. *Bank Secrecy Act*.

### ***Historical Price and Performance of Bitcoin***

The charts below set out the historical performance of bitcoin for the period from January 11, 2015 to January 11, 2021 (over one-, three-, five-year and year-to-date timeframes). Compared to the S&P 500 Index and gold, bitcoin has outperformed such assets over a year-to-date-, one-, three- and five-year timeframe.

TIME	BITCOIN	S&P 500	GOLD
5-YEAR	<b>+7,466%</b>	<b>+118%</b>	<b>+69%</b>
3-YEAR	<b>+152%</b>	<b>+45%</b>	<b>+40%</b>
1-YEAR	<b>+322%</b>	<b>+18%</b>	<b>+18%</b>
YTD	<b>+17%</b>	<b>+1%</b>	<b>-3%</b>

Note:

(1) While bitcoin has experienced positive price performance over the time periods noted above, its value has historically been highly volatile. See “Risk Factors – Risk Factors Relating to Bitcoin – Risks Related to the Pricing Source – Volatility”.

Source: Bloomberg as at January 11, 2021.

### ***Halving of Bitcoin***

Halvings increase bitcoin’s stock-to-flow ratio approximately every four years and give bitcoin its limited supply. Bitcoin has halved three times in the past: in 2012, 2016 and 2020.

*The table below sets out bitcoin’s historical price performance relative to halvings, as indicated by the vertical bars, in November 2012, July 2016 and May 2020.*



Source: Bloomberg, Bitcoinity

### ***Bitcoin Correlation***

Despite its historical volatility, over the long-term, bitcoin has exhibited a low, and even negative, correlation to most major equity and fixed income asset classes, currencies and commodities, including the S&P 500, the Bloomberg Barclays Global Aggregate Bond Index, the FTSE Canada Universe Bond Index, the MSCI All Country World Index, U.S. dollar, Euro, Japanese Yen, gold and WTI oil. Bitcoin’s long-term correlation coefficient to equities is approximately 0.2 and this remains stable during most time periods between -0.2 and 0.2. The Subadvisor believes that adding low, or negatively, correlated assets, such as bitcoin, to a portfolio may offer diversification benefits that reduce the overall volatility of the portfolio and improve risk-adjusted returns.

Syr Correlation Matrix (1/1/2015 - 12/31/2020)	Bitcoin	TSX Composite Index	S&P 500 Index	MSCI ACWI Index	FTSE CAN Universe Bond Index	BBG Barclays Glb Agg Bond Index	U.S. Dollar Index (DXY)	Canadian Dollar	Euro	Japanese Yen	Gold	WTI Oil
Bitcoin	1											
TSX Composite Index	0.21	1										
S&P 500 Index	0.21	0.86	1									
MSCI ACWI Index	0.24	0.89	0.98	1								
FTSE CAN Universe Bond Index	0.25	0.36	0.19	0.18	1							
BBG Barclays Glb Agg Bond Index	0.25	0.28	0.25	0.23	0.59	1						
U.S. Dollar Index (DXY)	-0.15	-0.21	-0.35	-0.34	-0.02	-0.71	1					
Canadian Dollar	0.14	0.47	0.54	0.54	-0.17	0.46	-0.69	1				
Euro	0.16	0.12	0.27	0.28	0.00	0.66	-0.97	0.59	1			
Japanese Yen	0.06	-0.12	-0.15	-0.18	0.30	0.72	-0.48	0.26	0.39	1		
Gold	0.19	0.04	0.04	-0.01	0.38	0.74	-0.49	0.33	0.41	0.70	1	
WTI Oil	0.09	0.55	0.52	0.56	-0.01	0.13	-0.23	0.43	0.20	-0.09	-0.03	1

Commodity and currency prices are valued in US dollar terms.

U.S. Dollar Index = a trade-weighted measurement of the foreign exchange value of the U.S. dollar compared against the currencies of its major trading partners.

Total return indices are quoted in local currency except the BBG Barclays Global Aggregate Bond Index which is quoted in US dollar terms (unhedged)

## INVESTMENT RESTRICTIONS

Subject to exemptive relief that has been obtained or will be obtained or has been applied for, the ETF is subject to certain investment restrictions and practices contained in Canadian securities legislation applicable to alternative mutual funds, including NI 81-102, which are designed in part to ensure that the investments of the ETF are diversified and relatively liquid and to ensure its proper administration. The investment restrictions and practices applicable to the ETF which are contained in Canadian securities legislation, including NI-81-102, may not be deviated from without an exemption from the Canadian securities regulatory authorities having jurisdiction over the ETF. See “Exemptions and Approvals”.

The ETF’s investment restrictions may not be changed without approval by Extraordinary Resolution. The ETF’s investment restrictions provide that the ETF will:

- (a) not undertake any activity, take any action, omit to take any action or make or hold any investment that would result in the ETF failing to qualify as a “mutual fund trust” within the meaning of the Tax Act;
- (b) not invest in or hold any investment other than cash, cash equivalents (as defined in NI 81-102), assets or positions purchased or entered into in accordance with the ETF’s investment strategy, or assets issued in respect of such assets;
- (c) not purchase or hold any securities of an entity that would be a foreign affiliate of the ETF for purposes of the Tax Act;
- (d) not invest in any security that would be a “tax shelter investment” within the meaning of section 143.2 of the Tax Act; and
- (e) not make or hold any investments that would result in the ETF itself being subject to the tax for SIFT trusts as provided for in section 122 of the Tax Act.

## FEES AND EXPENSES

### Fees and Expenses Payable by the ETF

#### Management Fee

An annual management fee (the “**Management Fee**”) of 1% of the Net Asset Value of the ETF, calculated daily and payable monthly in arrears, plus applicable taxes, will be paid to the Manager.

The Management Fee compensates the Manager for services it provides to the ETF including, without limitation and as applicable: investment advisory and portfolio management services, implementation of the ETF’s investment strategies, negotiating contracts with certain third-party service providers, including, but not limited to, subadvisors,

custodians, sub-custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; maintaining certain accounting and financial records; calculating the amount and determining the frequency of distributions, if any, by the ETF; ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements including continuous disclosure obligations under applicable securities laws; administering purchases, redemptions and other transactions in Units; and arranging for any payments required upon termination of the ETF.

The Subadvisor of the ETF is remunerated by the Manager out of the Management Fee.

### ***Management Fee Distributions***

To encourage very large investments in the ETF, and to ensure the Management Fee is competitive for these investments, the Manager may, at its discretion, agree to charge a reduced fee as compared to the fee it otherwise would be entitled to receive from the ETF with respect to investments in the ETF by Unitholders that hold, on average during any period specified by the Manager from time to time, Units of the ETF having a specified aggregate value. Such a reduction will be dependent upon a number of factors, including the amount invested, the total assets of the ETF under administration and the expected amount of account activity. An amount equal to the difference between the fee otherwise chargeable and the reduced fee will be distributed by the ETF, at the discretion of the Manager, to those Unitholders as management fee distributions (generally representing an amount equal to the difference between the Management Fee otherwise chargeable by the Manager and a reduced fee determined by the Manager, at its discretion, from time to time, a “**Management Fee Distribution**”).

The availability and amount of Management Fee Distributions with respect to Units of the ETF will be determined by the Manager. Management Fee Distributions for the ETF will generally be calculated and applied based on a Unitholder’s average holdings of Units of the ETF over each applicable period as specified by the Manager from time to time. Management Fee Distributions will be available only to beneficial owners of Units and not to the holdings of Units by dealers, brokers or other participants in CDS that hold Units of the ETF on behalf of beneficial owners (“**CDS Participants**”). Management Fee Distributions will be paid first out of net income of the ETF then out of capital gains of the ETF and thereafter out of capital. In order to receive a Management Fee Distribution for any applicable period, a beneficial owner of Units must submit a claim for a Management Fee Distribution that is verified by a CDS Participant on the beneficial owner’s behalf and provide the Manager with such further information as the Manager may require in accordance with the terms and procedures established by the Manager from time to time.

The Manager reserves the right to discontinue or change Management Fee Distributions at any time. The tax consequences of Management Fee Distributions made by the ETF generally will be borne by the Unitholders of the ETF receiving these distributions from the Manager.

### ***Operating Expenses***

In addition to the Management Fee, the ETF pays for all ordinary expenses incurred in connection with its operation and administration. Unless otherwise waived or reimbursed by the Manager, and subject to compliance with NI 81-102, it is expected that the expenses for the ETF will include, as applicable, without limitation: all costs and expenses associated with the execution of transactions in respect of the ETF’s investment in bitcoin; audit fees; fees payable to third-party service providers; trustee and custodial expenses including fees payable to the Custodian and Sub-Custodian; valuation, accounting and record keeping costs; legal expenses; prospectus preparation and filing expenses; costs associated with delivering documents to Unitholders; listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements; costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies; Depository fees; bank related fees and interest charges; extraordinary expenses; reports to Unitholders and servicing costs; registrar and transfer agent fees; fees and expenses of the members of the IRC; expenses related to compliance with NI 81-107; fees and expenses relating to the voting of proxies by a third party; premiums for directors’ and officers’ insurance coverage for the members of the IRC; income taxes; all applicable sales taxes; brokerage expenses and commissions; and withholding taxes. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Subadvisor, the Custodian, the Sub-Custodian the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the ETF.

In respect of ETF C\$ Hedged Series, such series is responsible for its own currency hedging transactions and the costs and gains or losses of such hedging transactions will be attributable and accrue solely to such series.

### ***Expenses of the Issue***

All expenses related to the issuance of Units are borne by the ETF unless otherwise waived or reimbursed by the Manager.

### **Fees and Expenses Payable Directly by the Unitholders**

#### ***Redemption Fee***

An amount as may be agreed to between the Manager and the Designated Broker or a Dealer of the ETF may be charged by the Manager at its discretion, on behalf of the ETF, to the Designated Broker and/or Dealers to offset certain transaction costs including brokerage expenses, commissions and other costs and expenses associated with the issue and redemption of Units of the ETF to or by such Designated Broker and/or Dealer. The Manager will publish the current redemption fee, if any, on its website, [www.firstasset.com](http://www.firstasset.com). This fee, which is payable to the applicable ETF, does not apply to Unitholders who buy and sell their Units through the facilities of the TSX.

## **RISK FACTORS**

There are many risks associated with an investment in the Units. In addition to the considerations set out elsewhere in this prospectus, purchasers should consider the following risk factors before investing in Units:

### **Risk Factors Relating to Bitcoin**

#### ***Speculative Nature of Bitcoin***

Investing in bitcoin is speculative, prices are volatile, and market movements are difficult to predict. Supply and demand for bitcoin can change rapidly and is affected by a variety of factors, including regulation and general economic trends.

#### ***Unforeseeable Risks***

Bitcoin has gained commercial acceptance only within recent years and, as a result, there is little data on its long-term investment potential. Additionally, due to the rapidly evolving nature of the bitcoin market, including advancements in the underlying technology, changes to bitcoin may expose investors in the ETF to additional risks which are impossible to predict as of the date of this prospectus. This uncertainty makes an investment in the Units very risky.

#### ***Access Loss or Theft***

There is a risk that some or all of the ETF's holdings of bitcoin could be lost, stolen, destroyed or inaccessible, potentially by the loss or theft of the private keys held by custodians associated with the public addresses that hold the ETF's bitcoin and/or destruction of storage hardware. Multiple thefts of bitcoin and other digital assets from other holders have occurred in the past. Because of the decentralized process for transferring bitcoin, thefts can be difficult to trace, which may make bitcoin a particularly attractive target for theft. The ETF will adopt security procedures intended to protect the ETF's assets, but there can be no assurance that those procedures will be successful in preventing such loss, theft or restriction on access. You should not invest unless you understand the risk that the ETF may lose possession or control of its assets. Access to the ETF's bitcoin could be restricted by natural events (such as an earthquake or flood) or human actions (such as a terrorist attack). The ETF's bitcoin held in custody accounts will likely be an appealing target for hackers or malware distributors seeking to destroy, damage or steal the ETF's bitcoin or private keys.

Security breaches, cyber-attacks, computer malware and computer hacking attacks have been a prevalent concern for the digital asset trading platforms on which bitcoin trades. Any cyber security breach caused by hacking, which involves efforts to gain unauthorized access to information or systems, or to cause intentional malfunctions or loss or corruption of data, software, hardware or other computer equipment, and the inadvertent transmission of computer viruses, could harm the ETF's business operations or reputation, resulting in loss of the ETF's assets. Digital asset trading platforms may in particular be at risk of cyber security breaches orchestrated or funded by state actors. For example, it has been reported

that South Korean digital asset trading platforms have been subject to cybersecurity attacks by North Korean state actors with the intent of stealing digital assets, including bitcoin, possibly with the intention of evading international economic sanctions. Any problems relating to the performance and effectiveness of security procedures used by the ETF and its custodians to protect the ETF's bitcoin, such as algorithms, codes, passwords, multiple signature systems, encryption and telephone call-backs will have an adverse impact on the Net Asset Value of the ETF and an investment in the Units. Furthermore, if and as the ETF's bitcoin holdings grow, the ETF and its custodians may become a more appealing target for cyber security threats such as hackers and malware. Furthermore, cybersecurity attacks orchestrated or funded by state actors may be particularly difficult to defend against because of the resources that state actors have at their disposal.

No storage system is impenetrable, and storage systems employed by the ETF and its custodians may not be free from defect or immune to force majeure events. Any loss due to a security breach, software defect or force majeure event generally will be borne by the ETF, which will adversely affect the value of the Units.

Such storage systems and operational infrastructure may be breached due to the actions of outside parties, error or insider malfeasance of an employee of the Manager, the Subadvisor or its custodians, or otherwise, and, as a result, an unauthorized party may obtain access to the Manager's, the Subadvisor's, the ETF's, or the ETF's custodians' storage systems, private keys, data or bitcoin. Additionally, outside parties may attempt to fraudulently induce employees of the custodians, the Manager or the Subadvisor to disclose sensitive information in order to gain access to the ETF's infrastructure. The Manager, the Subadvisor, its custodians or any technological consultant engaged by them may periodically examine and propose modifications to storage systems, protocols and internal controls to address the use of new devices and technologies to safeguard the ETF's systems and bitcoin. As the techniques used to obtain unauthorized access, disable or degrade service, or sabotage systems change frequently, or may be designed to remain dormant until a predetermined event and often are not recognized until launched against a target, the Manager or the Subadvisor may be unable to anticipate these techniques or implement adequate preventative measures. If an actual or perceived breach of a storage system occurs, a loss of confidence in the bitcoin network may decrease the market price of the ETF's investments. An actual or perceived breach may also cause Unitholders to seek redemption of or sell their Units, which may harm the ETF's investment performance.

If the ETF's holdings of bitcoin are lost, stolen or destroyed under circumstances rendering a party liable to the ETF, the responsible party may not have the financial resources sufficient to satisfy the ETF's claim. For example, as to a particular event of loss, the only source of recovery for the ETF may be limited to the relevant custodian or, to the extent identifiable, other responsible third parties (for example, a thief or terrorist), any of which may not have the financial resources (including liability insurance coverage) to satisfy a valid claim of the ETF. Similarly, as noted below, the ETF's custodians have limited liability to the ETF, which will adversely affect the ETF's ability to seek recovery from them, even when they are at fault.

#### *Bitcoin Investment Risks*

The further development and acceptance of bitcoin is subject to a variety of factors that are difficult to evaluate. The slowing or stopping of the development or acceptance of bitcoin may adversely affect the Net Asset Value of the ETF and an investment in the Units.

The use of bitcoin to, among other things, buy and sell goods and services is part of the new, experimental and rapidly evolving cryptocurrency industry. While bitcoin is a prominent part of this industry, it is not the only part. The growth of this industry, as well as bitcoin's significant market share, is subject to a high degree of uncertainty. The factors affecting the bitcoin's further growth and development, as well as its continued dominance, include, but are not limited to:

- continued worldwide growth in the adoption and use of bitcoin;
- government and quasi-government regulation of bitcoin and its use, or restrictions on or regulation of access to and operation of the bitcoin network;
- changes in consumer demographics, demand and preferences;
- the maintenance and development of the open-source software protocol of the bitcoin network;
- the availability and popularity of other forms or methods of buying and selling goods and services, including other cryptocurrencies and new means of using fiat currencies;

- the further development of additional applications and scaling solutions; and
- general economic conditions and the regulatory environment relating to bitcoin and other cryptocurrencies; and negative consumer or public perception of bitcoin or cryptocurrencies generally.

*Bitcoin Generally* - Bitcoin is loosely regulated and there is no central marketplace for bitcoin. Supply is determined by a computer code, not by a central bank, and prices can be extremely volatile. Additionally, bitcoin trading platforms may suffer from operational issues, such as delayed execution, that could have an adverse effect on the ETF. Some bitcoin trading platforms have been closed due to fraud, failure or security breaches.

Several factors may affect the price of bitcoin, including, but not limited to: supply and demand, investors' expectations with respect to the rate of inflation, interest rates, currency exchange rates or future regulatory measures (if any) that restrict the trading of bitcoin or the use of bitcoin as a form of payment. There is no assurance that bitcoin will maintain its long-term value in terms of purchasing power in the future, or that mainstream retail merchants will accept bitcoin as a form of payment.

Bitcoin is created, issued, transmitted, and stored according to protocols run by computers in the bitcoin network. It is possible the bitcoin protocol has undiscovered flaws which could result in the loss of some or all of the assets held by the ETF. There may also be network-scale attacks against the bitcoin protocol, which could result in the loss of some or all of the bitcoin held by the ETF. Advancements in quantum computing could break bitcoin's cryptographic rules. The Manager and Subadvisor make no guarantees about the reliability of the cryptography used to create, issue, or transmit bitcoin which will be held by the ETF.

*Short History Risk* – Bitcoin launched in 2009, which makes it a new technological innovation with a limited history and one of the youngest multi-billion dollar assets in the world. Due to this short history, it is not clear how all elements of bitcoin will unfold over time, specifically with regard to governance between miners, developers and users, as well as the long-term security model as the rate of inflation of bitcoin decreases. There is no assurance that usage of bitcoin and its blockchain will continue to grow. A contraction in the use of bitcoin or its blockchain may result in increased volatility or a reduction in the price of bitcoin which could have a material adverse effect on the Net Asset Value of the ETF and an investment in the Units.

#### *Risks Related to the Pricing Source*

The ETF's bitcoin will be valued, including for purposes of determining the Net Asset Value of the ETF based upon the BTC. The BTC is calculated using CFIX as its primary input. CFIX is a pricing algorithm that uses bid and ask quotes derived from multiple pricing sources approved by Bloomberg.

As the BTC is calculated as an average of those pricing sources selected by Bloomberg, it will not necessarily be reflective of the price of bitcoin available on any given bitcoin trading platform or other venue where the ETF's trades are executed. In addition, the BTC is available once per day, whereas bitcoin trades 24 hours a day. As such, the BTC may not be reflective of market events and other developments that occur after its pricing window and thus the BTC may not be reflective of the then-available market price of bitcoin in periods between its calculation. The Manager does not intend, and disclaims any obligation, to determine whether the BTC reflects the realizable market value of bitcoin or the price at which market transactions in bitcoin could be readily affected at any given time.

Because the Net Asset Value of the ETF will be based almost entirely on the value of the ETF's bitcoin portfolio as determined by reference to the BTC, and redemptions and subscriptions will be valued based on the Net Asset Value per Unit, if the BTC does not reflect the realizable market value of bitcoin, at a given time, redemption or subscriptions will be effected at prices that may adversely affect the Unitholder and the ETF.

*Volatility* - Bitcoin's value has historically been highly volatile. For instance, during the period from December 17, 2017 to February 5, 2018, bitcoin experienced a decline of roughly 60%. More recently, during the period from February 13, 2020 until March 16, 2020, the value of bitcoin fell by over 50%. In addition, uncertainty related to the effects of bitcoin's recent "halving" which occurred on May 11, 2020 could further contribute to volatility in the bitcoin markets. The value of the bitcoin held by the ETF could decline rapidly in future periods, including to zero.

*Settlement of Transactions on the Bitcoin Network* - There is no central clearing house for cash-to bitcoin transactions. Current practice is for the purchaser of bitcoin to send fiat currency to a bank account designated by the seller, and for the seller to broadcast the transfer of bitcoin to the purchaser's public bitcoin address upon receipt of the cash. The purchaser and seller monitor the transfer with a transaction identification number that is available immediately upon



transfer and is expected to be included in the next block confirmation. When the ETF purchases bitcoin from a bitcoin source, there is a risk that the bitcoin source will not initiate the transfer on the bitcoin network upon receipt of cash from the ETF, or that the bank where the bitcoin source's account is located will not credit the incoming cash from the ETF for the account of the bitcoin source. The ETF will seek to mitigate this risk by transacting with regulated bitcoin sources that have undergone due diligence and by confirming the solvency of the bitcoin source and the bank designated by each bitcoin source based on publicly available information.

*General Economic and Market Conditions* - During 2020, global financial markets have experienced a period of sharp decline and volatility due in large part to the real and perceived economic impact of the novel coronavirus (COVID-19) pandemic. The price of bitcoin declined sharply during the first quarter of 2020. The public health impact of the coronavirus, as well as the steps taken by governments and businesses around the world to combat its spread, have had an adverse impact on the global economy. Any such economic downturn, either short-term or prolonged, could impact the bitcoin market as well.

During the global financial crisis of 2007 to 2008, various sectors of the global financial markets experienced an extended period of adverse conditions featuring market uncertainty, reduced liquidity, greater volatility, general widening of credit spreads and a lack of price transparency. To the extent that similar marketplace events were to occur in the future, either as a result of the coronavirus pandemic or otherwise, these events may have an adverse impact on the ETF's investments and in turn the Net Asset Value of the ETF. In addition, governments from time to time intervene, directly and by regulation. Such intervention is often intended to directly influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction. It is also possible that a default by one of several large institutions that are dependent on one another to meet their liquidity or operational needs may cause a series of defaults by other institutions. This is sometimes referred to as a "systemic risk." These factors and general market conditions could have a material adverse effect on markets in general and on the ETF's portfolio and on the Net Asset Value of the ETF.

*Momentum Pricing* - The market value of the Units in the ETF may be affected by momentum pricing of bitcoin due to speculation about future price appreciation. Momentum pricing typically is associated with growth stocks and other assets whose valuation, as determined by the investing public, is impacted by anticipated future appreciation in value. Momentum pricing may result in speculation regarding future appreciation in the value of digital assets, which inflates prices and may lead to increased volatility.

*Limited Use* - Bitcoin has only recently become accepted as a means of payment for certain goods and services by certain major retail and commercial outlets and use of bitcoin for such services remains limited. Price volatility undermines bitcoin's utility as a medium of exchange and use of bitcoin as a medium of exchange and payment method may always be low. A lack of continued growth as a medium of exchange and payment method, or a contraction of such use, may result in increased volatility or a reduction in the value of bitcoin, either of which could adversely impact the Net Asset Value of the ETF and an investment in the Units. There can be no assurance that such acceptance will grow, or not decline, in the future.

*Scaling Obstacles* - Many digital asset networks face significant scaling challenges. For several years, participants in the bitcoin ecosystem debated potential approaches to increasing the average number of transactions per second that the bitcoin network could handle. As of August 2017, bitcoin was upgraded with a technical feature known as "segregated witness" that, among other things, would potentially approximately double the transactions per second that can be handled on-chain.

As the use of digital asset networks increases without a corresponding increase in throughput of the networks, average fees and settlement times can increase significantly. Bitcoin's network has been, at times, at capacity, which has led to increased transaction fees and decreased settlement speeds. For example, bitcoin transaction fees increased from \$0.32 per bitcoin transaction on January 1, 2017, on average, to a high of \$8.03 per transaction on August 25, 2017, on average. At its highest peak, the average transaction fee increased to \$53.39 on December 22, 2017 (on the day when bitcoin reached its peak price at \$19,511). The average transaction fee was at \$5.202 on Nov 12, 2020.

Increased fees and decreased settlement speeds could preclude certain use cases for bitcoin and can reduce demand for and the price of bitcoin, which could adversely impact the Net Asset Value of the ETF and an investment in the Units.

There is no guarantee that any of the mechanisms in place or being explored for increasing the scale of settlement of transactions in bitcoin will be effective, or how long these mechanisms will take to become effective, which could adversely impact the Net Asset Value of the ETF and an investment in the Units.

*Private Keys* - Bitcoin private keys are stored in two different forms: “hot wallet” storage, whereby the private keys are connected to the internet; and “cold” storage, where digital currency private keys are stored completely offline. The bitcoin that the Sub-Custodian will hold for the ETF will be stored generally offline in cold storage only. Private keys must be safeguarded and kept private in order to prevent a third-party from accessing the digital asset while held in such wallet. To the extent a private key is lost, destroyed or otherwise compromised and no backup of the private key is accessible, the ETF will be unable to access, and will effectively lose, the bitcoin held in the related digital wallet. Any loss of private keys by the Sub-Custodian relating to digital wallets used to store the ETF’s bitcoin would adversely affect the Net Asset Value of the ETF and an investment in the Units.

*Irrevocable Nature of Blockchain-Recorded Transactions* - Bitcoin transactions recorded on the Bitcoin blockchain are not, from an administrative perspective, reversible without the consent and active participation of the recipient of the transaction or, in theory, control or consent of a majority of the bitcoin network’s aggregate hashrate. Once a transaction has been verified and recorded in a block that is added to the blockchain, an incorrect transfer of bitcoin or a theft of bitcoin generally will not be reversible, and the ETF may not be capable of seeking compensation for any such transfer or theft. It is possible that, through computer or human error, or through theft or criminal action, the ETF’s bitcoin could be transferred from custody accounts in incorrect quantities or to unauthorized third parties. To the extent that the Manager or Subadvisor are unable to seek a corrective transaction with such third-party or is incapable of identifying the third-party that has received the ETF’s bitcoin through error or theft, the ETF will be unable to revert or otherwise recover incorrectly transferred bitcoin. To the extent that the ETF is unable to seek redress for such error or theft, such loss could adversely affect the Net Asset Value of the ETF and an investment in the Units.

*Internet Disruptions* - A significant disruption in Internet connectivity could disrupt the bitcoin network’s operations until the disruption is resolved, and such disruption could have an adverse effect on the price of bitcoin. In particular, some digital assets have experienced a number of denial-of-service attacks, which have led to temporary delays in block creation and digital asset transfers. While in certain cases in response to an attack, an additional “hard fork” has been introduced to increase the cost of certain network functions, the relevant network has continued to be the subject of additional attacks. Moreover, it is possible that as bitcoin increases in value, they may become bigger targets for hackers and subject to more frequent hacking and denial-of-service attacks.

*Gateway Protocol Hijackings* – Digital assets are also susceptible to border gateway protocol hijacking, or BGP hijacking. Such an attack can be a very effective way for an attacker to intercept traffic en route to a legitimate destination. BGP hijacking impacts the way different nodes and miners are connected to one another to isolate portions of them from the remainder of the network, which could lead to a risk of the network allowing double-spending and other security issues. If BGP hijacking occurs on the bitcoin network, participants may lose faith in the security of bitcoin, which could affect bitcoin’s value and consequently the value of the Units.

Any future attacks that impact the ability to transfer bitcoin could have a material adverse effect on the price of bitcoin and the value of an investment in the Units.

*Malicious Attacks on the Network* - Digital asset networks, including the bitcoin network, are subject to control by entities that capture a significant amount of the network’s processing power or a significant number of developers important for the operation and maintenance of such digital asset network.

*Control of Processing Power* - The bitcoin network is secured by a proof-of-work algorithm, whereby the collective strength of network participants’ processing power protects the network. If a malicious actor or botnet (i.e., a volunteer or hacked collection of computers controlled by networked software coordinating the actions of the computers) obtains a majority of the processing power dedicated to mining on the bitcoin network, it may be able to construct fraudulent blocks or prevent certain transactions from completing, either in a timely manner or at all. The malicious actor or botnet could control, exclude or modify the ordering of transactions. While a malicious actor would not be able to generate new bitcoin interests or transactions using such control, it could “double-spend” its own bitcoin interests (i.e., spend the same bitcoin interests in more than one transaction) and prevent the confirmation of other users’ transactions for so long as it maintained control. To the extent that such malicious actor or botnet did not yield its control of the processing power on the bitcoin network or the network community did not reject the fraudulent blocks as malicious, reversing any changes made to the blockchain may not be possible. Further, a malicious actor or botnet could create a flood of transactions in order to slow down confirmations of transactions on the bitcoin network.

Some digital asset networks have been subject to malicious activity achieved through control over 50% of the processing power on the network. For example, on May 24, 2018, it was reported that attackers compromised the Bitcoin Gold network in this manner and were successfully able to double-spend interests of Bitcoin Gold in a series of transactions

over the course of at least one week and in a total amount of at least \$18 million. Other digital assets such as Verge, Monacoin and Electoneum have also suffered similar attacks. The possible crossing of the 50% threshold indicates a greater risk that a single mining pool could exert authority over the validation of digital asset transactions, and this risk is heightened if over 50% of the processing power on the bitcoin network falls within the jurisdiction of a single governmental authority. For example, it is believed that more than 50% of the processing power on the bitcoin network at one time was located in China. Because the Chinese government has subjected digital assets to heightened levels of scrutiny recently, forcing several digital asset trading platforms to shut down and has begun to crack down on mining activities, there is a risk that the Chinese government could also achieve control over more than 50% of the processing power on the bitcoin network. To the extent that the bitcoin ecosystem, including the core developers and the administrators of mining pools, does not act to ensure greater decentralization of mining processing power, the feasibility of a malicious actor obtaining control of the processing power on the bitcoin network will increase, which may adversely affect the Net Asset Value of the ETF and an investment in the Units.

*Control of Developers* - A malicious actor may also obtain control over the bitcoin network through its influence over core or influential developers. For example, this could allow the malicious actor to block legitimate network development efforts or attempt to introduce malicious code to the network under the guise of a software improvement proposal by such a developer. Any actual or perceived harm to the bitcoin network as a result of such an attack could result in a loss of confidence in the source code or cryptography underlying the bitcoin network, which could negatively impact the demand for bitcoin and therefore adversely affect the Net Asset Value of the ETF and an investment in the Units.

*Faulty Code* - In the past, flaws in the source code for digital assets have been exposed and exploited, including those that exposed users' personal information and/or resulted in the theft of users' digital assets. Several errors and defects have been publicly found and corrected, including those that disabled some functionality for users and exposed users' personal information. Discovery of flaws in, or exploitations of, the source code that allow malicious actors to take or create money in contravention of known network rules have occurred. In addition, the cryptography underlying bitcoin could prove to be flawed or ineffective, or developments in mathematics and/or technology, including advances in digital computing, algebraic geometry and quantum computing, could result in such cryptography becoming ineffective. In any of these circumstances, a malicious actor may be able to steal the ETF's bitcoin, which would adversely affect an investment in the Units. Even if the affected digital asset is not bitcoin, any reduction in confidence in the source code or cryptography underlying digital assets generally could negatively impact the demand for bitcoin and therefore adversely affect the Net Asset Value of the ETF and an investment in the Units.

*Dependence on Bitcoin Developers* - The bitcoin network operates based on open-source protocol maintained by a group of core developers. As the bitcoin network protocol is not sold and its use does not generate revenues for development teams, core developers may not be directly compensated for maintaining and updating the bitcoin network protocol. Consequently, developers may lack a financial incentive to maintain or develop the network, and the core developers may lack the resources to adequately address emerging issues with the network. There can be no guarantee that developer support will continue or be sufficient in the future. Additionally, some development and developers are funded by companies whose interests may be at odds with other participants in the network or with the ETF. To the extent that material issues arise with the bitcoin network protocol and the core developers and open-source contributors are unable or unwilling to address the issues adequately or in a timely manner, the bitcoin network, the Net Asset Value of the ETF and an investment in the Units may be adversely affected.

*Network Governance* - Governance of decentralized networks, such as the bitcoin network, is achieved through voluntary consensus and open competition. In other words, bitcoin has no central decision-making body or clear manner in which participants can come to an agreement other than through overwhelming consensus. The lack of clarity on governance may adversely affect bitcoin's utility and ability to grow and face challenges, both of which may require solutions and directed effort to overcome problems, especially long-term problems. For example, a seemingly simple technical issue once divided the bitcoin community: namely, whether to increase the block size of the blockchain or implement another change to increase the scalability of bitcoin, known as "segregated witness," and help it continue to grow. See "- Scaling Obstacles".

Should a lack of clarity in bitcoin's network governance slow the network's development and growth, the Net Asset Value of the ETF and the value of the Units may be adversely affected.

*Network Forks* - Bitcoin software is open source, meaning that any user can download the software, modify it and then propose that the users and miners of bitcoin adopt the modification. When a modification is introduced and a substantial majority of users and miners consent to the modification, the change is implemented and the bitcoin

network remains uninterrupted. However, if less than a substantial majority of users and miners consent to the proposed modification, and the modification is not compatible with the software prior to its modification, the result is a so-called “fork” of the network. In other words, two incompatible networks would then exist: (1) one network running the pre-modified software and (2) another network running the modified software. The effect of such a fork would be the existence of two versions of bitcoin running in parallel, yet lacking interchangeability.

Forks occur for a variety of reasons. First, forks may occur after a significant security breach. For example, in June of 2016, a smart contract using the Ethereum network was hacked, which resulted in most participants in the Ethereum ecosystem electing to adopt a proposed fork designed to effectively reverse the hack. However, a minority of users continued to develop the old blockchain, now referred to as “Ethereum Classic” with the digital asset on that blockchain now referred to as Classic Ether, or ETC. Classic Ether remains traded on several digital asset trading platforms.

Second, forks could be introduced by an unintentional, unanticipated software flaw in the multiple versions of otherwise compatible software users run. Such a fork could adversely affect the digital asset’s viability. It is possible, however, that a substantial number of users and miners could adopt an incompatible version of the digital asset while resisting community-led efforts to merge the two chains. This would result in a permanent fork, as in the case of Ether and Classic Ether, as detailed above. If a permanent fork were to occur, then the ETF could hold amounts of both bitcoin and the new alternative. As described below, the ETF will hold bitcoin, the new alternative, or both, based on the Subadvisor’s sole discretion as to whether the new alternative is an appropriate medium for investment. The Subadvisor will retain full discretion as it relates to the handling of forks.

Third, forks may occur as a result of disagreement among network participants as to whether a proposed modification to the network should be accepted. For example, in July 2017, bitcoin “forked” into bitcoin and a new digital asset, Bitcoin Cash, as a result of a several-year dispute over how to increase the rate of transactions that the bitcoin network can process. Since then, bitcoin has been forked several times to launch new digital assets, such as Bitcoin Gold, Bitcoin Silver and Bitcoin Diamond.

Furthermore, certain forks can introduce new security risks. For example, when Ether and Classic Ether split in July 2016, “replay attacks” (i.e., attacks in which transactions from one network were rebroadcast to nefarious effect on the other network) plagued Ethereum trading platforms for a period of at least a few months.

Another possible result of a hard fork is an inherent decrease in the level of security. After a hard fork, it may become easier for an individual miner or mining pool’s hashing power to exceed 50% of the processing power of the digital asset network, thereby making digital assets that rely on proof of work more susceptible to attack. See “– Malicious Attacks on the Network”.

If bitcoin were to fork into two digital assets, the ETF would be expected to hold an equivalent amount of bitcoin and new asset following the hard fork. However, the ETF may not be able, or it may not be practical, to secure or realize the economic benefit of the new asset for various reasons. For instance, the Custodian, Sub-Custodian or a security service provider may not agree to provide the ETF access to the new asset. In addition, the ETF may determine that there is no safe or practical way to custody the new asset, or that trying to do so may pose an unacceptable risk to the ETF’s holdings in bitcoin, or that the costs of taking possession and/or maintaining ownership of the new digital asset exceed the benefits of owning the new digital asset.

The timing of any such occurrence is uncertain, and the Subadvisor has sole discretion whether to claim a new asset created through a fork of the bitcoin network, subject to certain restrictions that may be put in place by the ETF’s service providers.

Forks in the bitcoin network could adversely affect the Net Asset Value of the ETF and an investment in the Units or the ability of the ETF to operate. Additionally, laws, regulation or other factors may prevent the ETF from benefitting from the new asset even if there is a safe and practical way to custody and secure the new asset. For example, it may be illegal for the ETF to sell the new asset, or there may not be a suitable market into which the ETF can sell the new asset (either immediately after the fork or ever).

*Air Drops* - Bitcoin may become subject to an occurrence similar to a fork, which is known as an “air drop.” In an air drop, the promoters of a new digital asset announce to holders of another digital asset that they will be entitled to claim a certain amount of the new digital asset for free. For example, in March 2017 the promoters of Stellar Lumens announced that anyone that owned bitcoin as of June 26, 2017 could claim, until August 27, 2017, a certain amount of Stellar Lumens. For the same reasons as described above with respect to hard forks, the ETF may or may not

choose, or be able, to participate in an air drop, or may or may not be able to realize the economic benefits of holding the new digital asset. The timing of any such occurrence is uncertain, and the Subadvisor has sole discretion whether to claim a new asset created through an airdrop.

*Intellectual Property* - Code underlying the bitcoin networks is available under open source licenses and as such the code is generally open to use by the public. Additionally, according to publicly available United States Patent and Trademark Office and United States Copyright Office databases and the Canadian Intellectual Property Office, the Bitcoin Foundation (a not-for profit foundation that promotes the reputation and development of bitcoin) does not own any issued patents or registered copyrights in the United States or Canada in connection with the code relating to bitcoin. Moreover, the Bitcoin Foundation has indicated interest in preserving “bitcoin” as a generic term. Nonetheless, other third parties may assert intellectual property claims relating to the holding and transfer of bitcoin and its source code. Regardless of the merit of any intellectual property or other legal action, any threatened action that reduces confidence in long-term viability or the ability of end-users to hold and transfer bitcoin may adversely affect the Net Asset Value of the ETF and an investment in the Units. Additionally, a meritorious intellectual property claim could prevent the ETF and other end-users from accessing, holding, or transferring bitcoin, which could force the liquidation of the ETF’s holdings of bitcoin (if such liquidation is possible). As a result, an intellectual property claim against the ETF or other large bitcoin network participants could adversely affect the Net Asset Value of the ETF and an investment in the Units.

*Mining Incentives* - Miners generate revenue from both newly created bitcoins, known as the “block reward” and from fees taken upon verification of transactions. If the aggregate revenue from transaction fees and the block reward is not sufficient to support the miner’s ongoing operating costs, the miner may cease operations. If the award of new bitcoins for solving blocks declines and/or the difficulty of solving blocks increases, and transaction fees voluntarily paid by participants are not sufficiently high, miners may not have an adequate incentive to continue mining and may cease their mining operations. The current fixed reward for solving a new block on the bitcoin network is 6.25 bitcoins per block, which decreased from 12.5 bitcoins per block on May 11, 2020. This reduction may result in a reduction in the aggregate hashrate of the bitcoin network as the incentive for miners decreased. If miners cease operations, that would reduce the collective processing power on the bitcoin network, which would adversely affect the confirmation process for transactions (i.e., temporarily decreasing the speed at which blocks are added to the blockchain until the next scheduled adjustment in difficulty for block solutions) and make the bitcoin network more vulnerable to a malicious actor or botnet obtaining sufficient control to manipulate the blockchain and hinder transactions. Any reduction in confidence in the confirmation process or processing power of the bitcoin network may adversely affect the Net Asset Value of the ETF and an investment in the Units.

*Mining Collusion* - Miners, functioning in their transaction confirmation capacity, collect fees for each transaction they confirm. Miners validate unconfirmed transactions by adding the previously unconfirmed transactions to new blocks in the blockchain. Miners are not forced to confirm any specific transaction, but they are economically incentivized to confirm valid transactions as a means of collecting fees. Miners have historically accepted relatively low transaction confirmation fees. If miners collude in an anticompetitive manner to reject low transaction fees, then bitcoin users could be forced to pay higher fees, which could result in reduced confidence in, and use of, the bitcoin network. Any collusion among miners may adversely impact the attractiveness of the bitcoin network and may adversely impact the Net Asset Value of the ETF and an investment in the Units or the ability of the ETF to operate.

*Competitors to Bitcoin* - A competitor to bitcoin which gains popularity and greater market share may precipitate a reduction in demand, use and price of bitcoin, which may adversely impact the Net Asset Value of the ETF and an investment in the Units. Similarly, bitcoin and the price of bitcoin could be reduced by competition from incumbents in the credit card and payments industries, which may adversely impact the Net Asset Value of the ETF and an investment in the Units.

*Significant Energy Consumption to Run the Bitcoin Network* - Mining bitcoin requires significant computing power and the bitcoin network’s energy consumption may be deemed to be, or indeed become, unsustainable (barring improvements in efficiency which could be designed for the protocol). This could pose a risk to broader and sustained acceptance of the bitcoin network as a peer-to-peer transactional platform, which may adversely impact the Net Asset Value of the ETF and an investment in the Units.

*Unregulated Market Venues* – Bitcoin trading platforms are not regulated as securities exchanges or commodity futures exchanges under the securities or commodity futures laws of Canada, the United States or other global jurisdictions. The venues through which bitcoin and other digital assets trade are new and, in many cases, largely unregulated. Furthermore, many such venues, including digital asset platforms and over-the-counter market venues,

do not provide the public with significant information regarding their ownership structure, management teams, corporate practices or regulatory compliance. As a result, the marketplace may lose confidence in, or may experience problems relating to, these venues. These market venues may impose daily, weekly, monthly or customer-specific transaction or withdrawal limits or suspend withdrawals entirely, rendering the exchange of bitcoin for fiat currency difficult or impossible. Participation in these market venues requires users to take on credit risk by transferring bitcoin from a personal account to a third party's account.

Over the past several years, a number of digital asset trading platforms have been closed due to fraud, failure or security breaches. In many of these instances, the customers of such digital asset trading platforms were not compensated or made whole for the partial or complete losses of their account balances in such digital asset trading platforms. While smaller digital asset trading platforms are less likely to have the infrastructure and capitalization that make larger digital asset trading platforms more stable, larger digital asset trading platforms are more likely to be appealing targets for hackers and "malware" (i.e., software used or programmed by attackers to disrupt computer operation, gather sensitive information or gain access to private computer systems).

Furthermore, many digital asset trading platforms lack certain safeguards put in place by more traditional exchanges to enhance the stability of trading on the platform and prevent flash crashes, such as limit-down circuit breakers. As a result, the prices of digital assets such as bitcoin on digital asset trading platforms may be subject to larger and/or more frequent sudden declines than assets traded on more traditional exchanges.

A lack of stability in digital asset trading platforms, manipulation of bitcoin markets by digital asset trading platform customers and/or the closure or temporary shutdown of such platforms due to fraud, business failure, hackers or malware, or government-mandated regulation may reduce confidence in bitcoin generally and result in greater volatility in the market price of bitcoin. Furthermore, the closure or temporary shutdown of a digital asset trading platform may impact the ETF's ability to determine the value of its bitcoin holdings or to purchase or sell bitcoin. These potential consequences of a bitcoin trading platform's failure or failure to prevent market manipulation could adversely affect the Net Asset Value of the ETF and an investment in the Units.

*Risks of Political or Economic Crises* - Political or economic crises may motivate large-scale sales of bitcoin and other cryptocurrencies, which could result in a reduction in the price of bitcoin and adversely affect the Net Asset Value of the ETF and an investment in the Units. As an alternative to fiat currencies that are backed by central governments, cryptocurrencies, such as bitcoin, which are relatively new, are subject to supply and demand forces based upon the desirability of an alternative, decentralized means of buying and selling goods and services, and it is unclear how such supply and demand will be affected by geopolitical events. Nevertheless, political or economic crises may motivate large-scale acquisitions or sales of bitcoin either globally or locally. Large-scale sales of bitcoin would result in a reduction in the price and adversely affect the Net Asset Value of the ETF and an investment in the Units.

*Banking Services* - A number of companies that provide bitcoin-related services have been unable to find banks that are willing to provide them with bank accounts and banking services. Similarly, a number of such companies have had their existing bank accounts closed by their banks. Banks may refuse to provide bank accounts and other banking services to bitcoin-related companies or companies that accept bitcoin for a number of reasons, such as perceived compliance risks or costs. The difficulty that many businesses that provide bitcoin-related services have and may continue to have in finding banks willing to provide them with bank accounts and other banking services may be currently decreasing the usefulness of bitcoin as a payment system and harming public perception of bitcoin or could decrease its usefulness and harm its public perception in the future. Similarly, the usefulness of bitcoin as a payment system and the public perception of bitcoin could be damaged if banks were to close the accounts of many or of a few key businesses providing bitcoin-related services. This could decrease the value of the digital assets held by the ETF and therefore adversely affect the Net Asset Value of the ETF and an investment in the Units.

*Insurance* - Neither the ETF nor the Custodian will maintain insurance against risk of loss of bitcoin held by the ETF, as such insurance is not currently available in Canada on economically reasonable terms but Gemini, the sub-custodian of the ETF, maintains commercial crime insurance in respect of the bitcoin held by it. The ETF's bitcoin will be held in cold storage vaults only.

*Technological Change* - Large holders of bitcoin and bitcoin trading platforms must adapt to technological change in order to secure and safeguard client accounts. The ability of the ETF's custodians to safeguard the bitcoin that the ETF holds from theft, loss, destruction or other issues relating to hackers and technological attack is based upon known technology and threats. As technological change occurs, such threats will likely adapt, and previously unknown threats may emerge. Furthermore, the ETF may become a more appealing target of security threats as the size of the ETF's

bitcoin holdings grows. If the Manager, the ETF, the Subadvisor or the ETF's custodian is unable to identify and mitigate or stop new security threats, the ETF's bitcoin may be subject to theft, loss, destruction or other attack, which could have a negative impact on the performance of the Units or result in loss of the ETF's assets.

*Effects of Blockchain Analytics* - Bitcoin utilizes a public blockchain on which all transactions are publicly viewable and contain certain information about the transaction, such as the public wallet addresses and amounts involved. Accordingly, individual bitcoin can be traced through statistical analysis, big data and by imposing an accounting convention such as "last in, first out" or "first in, first out." These methods are commonly referred to as "blockchain analytics." The fact that blockchain analytics can be performed implies that bitcoin is not perfectly fungible because prospective purchasers can theoretically discriminate against bitcoin by making certain assumptions about its particular transaction history in light of any legal risks associated with holding "tainted" currency, as the legal framework protecting fungibility of government-issued currency does not clearly apply to bitcoin. Potential risks include (i) a holder being exposed to conversion tort liability if bitcoin were previously stolen or (ii) a digital asset trading platform refusing to exchange the bitcoin for government-issued currency on anti-money laundering or economic sanctions grounds. These concerns are exacerbated by the publication of bitcoin address "blacklists," such as the one published by the U.S. Treasury's Office of Foreign Assets Control (OFAC).

Though the market currently does not apply discounts or premia to bitcoin in this manner, if the risks noted above, or similar risks, begin to materialize, then blockchain analytics could lead to disruptions in the market. For example, if a digital asset trading platform begins to discriminate based on transaction history, individual units of another bitcoin could begin to have disparate value, possibly based on "grades" that are calculated based on factors such as age, transaction history and/or relative distance from flagged transactions or blacklisted addresses. Such developments could become a substantial limiting factor on a bitcoin's usefulness as a currency, and serve to reduce the value of, or restrict the ETF's ability to liquidate, bitcoin held in its portfolio.

*Bans or Prohibitions Affecting Bitcoin* - Digital assets including bitcoin currently face an uncertain regulatory landscape in many jurisdictions. Various foreign jurisdictions may, in the near future, adopt laws, regulations or directives that affect bitcoin and other digital assets. Such laws, regulations or directives may conflict with those of Canada or the United States and may negatively impact the acceptance of bitcoin by users, merchants and service providers in such jurisdictions and may therefore impede the growth or sustainability of the digital asset economy or otherwise negatively affect the value of bitcoin and therefore the value of the Units.

Additionally, regulators and legislatures have taken action against digital asset businesses or enacted restrictive regimes in response to adverse publicity arising from hacks, consumer harm, or criminal activity stemming from digital asset activity. Furthermore, it has been reported that certain South Korean digital asset trading platforms have experienced cybersecurity attacks by North Korean state actors with the intent of stealing digital assets. Cybersecurity attacks by state actors, particularly for the purpose of evading international economic sanctions, are likely to attract additional regulatory scrutiny to the acquisition, ownership, sale and use of digital assets, including bitcoin. Such adverse publicity or regulatory scrutiny could adversely affect the value of bitcoin, and therefore the value of the Units.

*Control of Outstanding Bitcoin* - Approximately 20% of bitcoin which is currently outstanding is held by 115 bitcoin addresses. While concentration in respect of bitcoin holdings has decreased significantly over the past couple years, it is still concentrated. If one of these top holders of bitcoin were to liquidate their position, this could cause volatility in the price of Bitcoin and in turn adversely affect the Net Asset Value per Unit of the ETF.

*Demand for Bitcoin may Exceed Supply* – The demand for bitcoin may develop at a pace which exceeds supply which may frustrate users and cause them to lose faith in the bitcoin network, which may in turn adversely affect the Net Asset Value per Unit of the ETF and/or lead to volatile Net Asset Value per Unit.

## **Risk Factors Relating to an Investment in the ETF**

### *No Assurances of Achieving Objective*

There is no assurance that the ETF will be able to achieve its investment objective.

### *Possible Loss of Investment*

An investment in the ETF is appropriate only for investors who have the capacity to absorb a loss on their investment.

### *No Guarantee of a Return on Investment*

There is no guarantee that an investment in Units will earn any positive return in the short or long term as the Net Asset Value of the ETF will generally fluctuate with the price of bitcoin and no interest or dividends will be earned on the bitcoin that is owned by the ETF.

### *Risks Related to Passive Investments*

An investment in the Units should be made with an understanding that the Net Asset Value of the ETF will generally fluctuate in accordance with the price of bitcoin based on the BTC. Because it is the ETF's objective to invest in bitcoin on a passive basis, the ETF's holdings will not be actively managed and accordingly, will not be hedged or repositioned to attempt to take defensive positions if the price of bitcoin declines or is expected to decline. The ETF will invest substantially all of its assets in bitcoin.

### *Concentration Risk*

The ETF's investment objective is to provide Unitholders exposure to bitcoin and the ETF is not expected to have exposure to any other investments or assets. Other than cash or cash equivalents, the ETF will invest substantially all of its assets in bitcoin. As a result, the ETF's holdings are not diversified. The Net Asset Value of the ETF may be more volatile than the value of a more broadly diversified portfolio or investment fund and may fluctuate substantially over short or long periods of time. This may have negative impact on the Net Asset Value of the ETF.

An investment in the ETF may be deemed speculative and is not intended as a complete investment program. An investment in the ETF should be considered only by persons financially able to maintain their investment and who can bear the risk of loss associated with an investment in the ETF. Investors should review closely the objective and strategy of the ETF and familiarize themselves with the risks associated with an investment in the ETF.

### *Liquidity Risk*

On any Trading Day (as defined herein), Unitholders may redeem Units, in any number, for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to certain conditions. To fund the payment of the redemption price, the ETF may dispose of bitcoin. The ability of the ETF to so dispose of bitcoin may be restricted by an event beyond its control, such as wars, interference by civil or military authorities, civil insurrections, local or national emergencies, blockades, seizures, riots, sabotage, vandalism, terrorism, storms, earthquakes, floods or nuclear or other explosions, or unexpected market illiquidity. During such events, the ETF may experience a delay in the receipt of the proceeds of disposition until such time as it is able to dispose of bitcoin, or may be able to do so only at prices which may not reflect the fair value of such investments. *Reliance on the Manager, the Subadvisor and the Sub-Custodian*

Unitholders will be dependent on the abilities of the Manager, the Subadvisor and the Sub-Custodian to effectively administer the affairs and implement the investment objective and strategy of the ETF and on the Sub-Custodian to safely custody the ETF's bitcoin. The Subadvisor depends, to a great extent, on a very limited number of individuals in the administration of its activities as subadvisor of the ETF. The loss of the services of any one of these individuals for any reason could impair the ability of the Subadvisor to perform its duties as subadvisor on behalf of the ETF. In addition, the Manager and the Subadvisor may have additional conflicts of interests as described under "Organization and Management Details of the ETF – The Manager" and "Organization and Management Details of the ETF – The Subadvisor" and "Organization and Management Details of the ETF – The Sub-Custodian", respectively. If the Sub-Custodian did not adequately safeguard the ETF's bitcoin the ETF could suffer significant losses.

### *No Direct Ownership Interest in Bitcoin*

An investment in Units does not constitute an investment by Unitholders in bitcoin, cash and cash equivalents included in the ETF's portfolio. Unitholders will not own bitcoin or cash or cash equivalents held by the ETF.

### *Other Bitcoin Investment Funds*

The ETF will compete with other current and future financial vehicles and investment funds that offer economic exposure to the price of bitcoin. Such competitors may invest in bitcoin, including through securities backed by or linked to bitcoin, such as exchange-traded products (or ETPs). Other competitors may invest in derivative financial products, which utilize bitcoin as the underlying asset. Market and financial conditions, and other conditions beyond



the ETF's control, may make it more attractive for investors to redeem or sell Units of the ETF in order to invest in other such financial vehicles, which could adversely affect Unitholders who continue to hold the Units. Furthermore, more attractive investment products not currently on the market could develop, which may also lead to investors redeeming or selling their Units.

If other financial vehicles or investment funds tracking the price of bitcoin are formed and come to represent a significant proportion of the demand for bitcoin, large redemptions of the securities of such competitors could result in large scale bitcoin liquidations. This could, in turn, negatively affect bitcoin prices, the ETF's holding of bitcoin and the Net Asset Value of the ETF. In addition, these financial vehicles and other entities with substantial holdings in bitcoin may engage in large-scale hedging, sales or distributions which could also negatively impact the Net Asset Value of the ETF. See “– Large-Scale Sales or Distributions”.

#### *Large-Scale Sales or Distributions*

Some entities hold large amounts of bitcoin relative to other market participants, and to the extent such entities engage in large-scale hedging, sales or distributions on non-market terms, or sales in the ordinary course, it could result in a reduction in the price of bitcoin and adversely affect the Net Asset Value of the ETF and an investment in the Units. Additionally, political or economic crises may motivate large-scale acquisitions or sales of such digital assets, including bitcoin, either globally or locally. Such large-scale sales or distributions could result in selling pressure that may reduce the price of bitcoin and adversely affect the Net Asset Value of the ETF and an investment in the Units.

#### *Changes in Legislation*

There can be no assurance that certain laws applicable to the ETF, including income tax laws, regulations related to bitcoin and other digital assets and the treatment of mutual fund trusts under the Tax Act, will not be changed in a manner which adversely affects the ETF or the Unitholders.

#### *Price Fluctuation*

The price of a security of an investment fund will generally vary with the value of the assets it holds. The ETF is designed to mirror as closely as possible the performance of the price of bitcoin. The price of bitcoin has fluctuated significantly over the past several years. Changes in global supply and demand, global or regional political, economic or financial events and situations, especially those unexpected in nature, pandemics, investor expectations with respect to inflation, currency exchange rates, investment and trading activities of commodity funds may influence the value of bitcoin held by the ETF. When a Unitholder redeems Units, their value may be less than the Unitholder's original investment.

#### *Trading Price of Units*

Units may trade in the market at a discount to the Net Asset Value per Unit, and there can be no assurance that the Units will trade at a price equal to (or greater than) the Net Asset Value per Unit.

#### *Valuation of the ETF's Assets*

The valuation of the ETF's assets may involve uncertainties and judgement determinations, and, if such valuations should prove to be incorrect, the Net Asset Value per Unit could be adversely affected. The Manager may face a conflict of interest in valuing the bitcoin held by the ETF because the values assigned will affect the calculation of the Management Fee payable by the ETF to it.

#### *Market Disruptions*

War and occupation, terrorism, pandemics and related geopolitical risks may in the future lead to increased short-term market volatility and may have adverse long-term effects on world economies and markets generally including the price of bitcoin. For example, the effects of the novel coronavirus (COVID-19) outbreak and the measures taken by governments and companies to combat COVID-19 have negatively affected asset values and increased volatility in the financial markets, including the market price and volatility of bitcoin.

### *Standard of Care*

Each of the Manager, the Subadvisor, the Custodian and the Sub-Custodian are subject to a contractual standard of care in carrying out its duties with respect to the ETF. If the ETF suffers a loss of its bitcoin and each of the Manager, the Subadvisor, the Custodian and the Sub-Custodian satisfied its respective standard of care, the ETF will bear the risk of such loss with respect to such parties.

Under the terms of the Custody Agreement, the Custodian is required to exercise the standard of care applicable to custodians under NI 81-102. However, the Custodian will not be liable to the ETF for any loss of the ETF's bitcoin held by the Sub-Custodian unless such loss is directly caused by the Custodian's gross negligence, fraud, wilful default, or the breach of its standard of care. In the event of such loss, the Custodian is required to take reasonable steps to enforce such rights as it may have against the Sub-Custodian pursuant to the terms of the Sub-Custodian Agreement and applicable law.

### *Residency of the Subadvisor and the Sub-Custodian*

Each of the Subadvisor and the Sub-Custodian are resident outside of Canada and all or a substantial portion of their assets are located outside Canada. As a result, anyone, including the ETF, seeking to enforce legal rights against the Subadvisor or the Sub-Custodian in Canada may find it difficult to do so.

### *Conflicts of Interest*

The Subadvisor currently manages a private fund that invests in bitcoin and the Manager, the Subadvisor and their respective directors and officers and their affiliates and associates may engage in the promotion, management or investment management of one or more funds or trusts which invest in bitcoin or other cryptocurrencies in the future.

Although officers, directors and professional staff of the Manager and the Subadvisor will devote as much time to the ETF as the Manager or the Subadvisor, as applicable, deems appropriate to perform its duties, the staff of the Manager and the Subadvisor may have conflicts in allocating their time and services among the ETF and the other portfolios of the Manager or the Subadvisor, as applicable.

### *SOC 2 Type 2 Report of the Sub-Custodian*

The Sub-Custodian has advised the Manager that a SOC 2 Type 2 Report of its internal controls will be available for review by the auditor of the ETF in connection with the audit of the annual financial statements of the ETF. However, there is a risk that such SOC 2 Type 2 Report of the Sub-Custodian will not be available. In the event that the SOC 2 Type 2 Report is not available, the Manager will request confirmation from the Sub-Custodian in writing to permit the auditor of the ETF to test its internal controls. Although the Manager has received reasonable assurances from the Custodian and the Sub-Custodian that such written confirmation will be provided in the event that a SOC 2 Type 2 report of the Sub-Custodian is not available, there is a risk that such written confirmation will not be provided and/or that the auditor will not be able to test the internal controls of the Custodian and the Sub-Custodian directly. The ETF will file an undertaking with applicable securities regulatory authorities that provides that while it remains a reporting issuer, the ETF will obtain from the Sub-Custodian of the ETF either a SOC 2 Type 2 Report or written confirmation from the Sub-Custodian to permit the auditor of the ETF to test its controls.

In the event that the auditor of the ETF cannot: (i) review a SOC 2 Type 2 Report of the Sub-Custodian; or (ii) test the internal controls of the Sub-Custodian directly in connection with its audit of the ETF's annual financial statements, the auditor would not be able to complete its audit of the annual financial statements of the ETF in accordance with the current guidance of the Canadian Public Accountability Board.

### *Limited Designated Brokers Trade in Bitcoin*

There are limited Designated Brokers and Dealers operating in the digital assets sector that trade in bitcoin. As the ETF will only issue Units directly to Designated Brokers and Dealers, the inability to enter into agreements with Designated Brokers and Dealers that trade in bitcoin could adversely affect the ETF.

### *U.S. Currency Exposure*

The ETF's functional and presentation currency is and the investor's investment will be made in U.S. dollars. The ETF will purchase bitcoin which is currently denominated in U.S. dollars.

### *Currency Hedging*

For the ETF C\$ Hedged Series Units (the “**Hedged Series**”), the Manager will seek to substantially hedge the economic exposure to the U.S. dollar by using derivative instruments such as forward foreign currency contracts.

While it is not the ETF’s intention, over-hedged or under-hedged positions may arise due to factors outside the control of the ETF. The Hedged Series aims to provide investors with a return correlated to the base currency performance of the ETF, but does not offer the exact same return as its equivalent unhedged series.

The use of currency hedges involves special risks, including the possible default by the other party to the transaction, illiquidity and, to the extent the Manager’s assessment of certain market movements is incorrect, the risk that the use of hedges could result in losses greater than if the hedging had not been used. Hedging arrangements may have the effect of limiting or reducing the total returns to the ETF or a series of the ETF, if the Manager’s expectations concerning future events or market conditions prove to be incorrect. In addition, the costs associated with a hedging program may outweigh the benefits of the arrangements in such circumstances.

Although the ETF will maintain separate accounts or book entries with respect to each series of Units, separate series of the ETF are not separate legal entities and the assets and liabilities between series will not be segregated. Accordingly, there is a risk that, under certain circumstances, currency hedging transactions in relation to the Hedged Series could result in liabilities which might affect the net asset value of the other series of Units of the ETF.

### *Exchange Risk*

In the event that the TSX closes early or unexpectedly on any day that it is normally open for trading, Unitholders will be unable to purchase or sell Units on the TSX until it reopens and there is a possibility that, at the same time and for the same reason, the exchange and redemption of Units may be suspended until the TSX reopens.

### *Multi-Series Risk*

The ETF offers more than one series of Units. If the ETF cannot pay the expenses or satisfy the obligations entered into by the ETF for the sole benefit of one of those series of Units using such series of ETF’s proportionate share of the assets, the ETF may have to pay those expenses or satisfy those obligations out of another series of Units’ proportionate share of the assets, which would lower the investment return of such other series of Units. In addition, a creditor of the ETF may seek to satisfy its claim from the assets of the ETF as a whole, even though its claim or claims relate only to a particular series of Units.

### *Service Providers are Not Fiduciaries*

The service providers, including custodians and sub-custodians, that the ETF employs or may employ in the future are not trustees for, and owe no fiduciary duties to, the ETF or the Unitholders. In addition, service providers employed by the ETF have no duty to continue to act as a service provider to the ETF. Current or future service providers, including the custodians, can terminate their role for any reason whatsoever upon the notice period provided under the relevant agreement. A service provider may also be terminated by the Manager.

### *Lack of Arbitrage Transactions*

If the processes of creation and redemption of Units of the ETF encounters any unanticipated difficulties, potential market participants, such as broker-dealers and their customers, who would otherwise be willing to purchase or redeem Units of the ETF to take advantage of any arbitrage opportunity arising from discrepancies between the price of the Units of the ETF and the price of the underlying bitcoin may not take the risk that, as a result of those difficulties, they may not be able to realize the profit they expect. If this is the case, the liquidity of the Units of the ETF may decline and the trading price of the ETF may fluctuate independently of the price of bitcoin and may fall or otherwise diverge from the Net Asset Value of the Units.

### *Operational Risk*

The ETF will depend on the Manager and the Subadvisor to develop the appropriate systems and procedures to control operational risk. Operational risks arising from mistakes made in the confirmation or settlement of transactions, from transactions not being properly booked, evaluated, or accounted for, or other similar disruption in the ETF’s operations

may cause the ETF to suffer financial loss, the disruption of their business, liability to investors or third parties, regulatory intervention, or reputational damage. The ETF will rely heavily on the Manager and the Subadvisor and other service providers' financial, accounting, IT infrastructure systems and services and other data processing systems and a failure by any one or more of them could result in losses to the ETF.

### *Systems Risks*

The ETF will depend on the Manager and the Subadvisor to develop and implement appropriate systems for the ETF's activities. The ETF will rely extensively on computer programs and systems to monitor its portfolio and net capital and to generate reports that are critical to the oversight of the ETF's activities. In addition, certain of the operations of the Manager and the Subadvisor interface with or depend on systems operated by third parties, including market counterparties and other service providers, and the ETF, the Manager or the Subadvisor may not be in a position to verify the risks or reliability of such third-party systems. These programs or systems may be subject to certain defects, failures, or interruptions, including, but not limited to, those caused by worms, viruses, and power failures. Any such defect or failure could have a material adverse effect on the ETF.

### *Tax Risk*

*"Mutual fund trust" status* - In order to qualify as a mutual fund trust under the Tax Act, the ETF must comply with various requirements contained in the Tax Act, including to restrict its undertaking to the investment of its funds in property. If the ETF were to cease to qualify as a mutual fund trust (whether as a result of a change in law or administrative practice, or due to its failure to comply with the current Canadian requirements for qualification as a mutual fund trust), it may experience various potential adverse consequences, including: becoming subject to a requirement to withhold tax on distributions made to non-resident Unitholders of any taxable capital gains; Units not qualifying for investment by Registered Plans; and Units ceasing to qualify as "Canadian securities" for the purposes of the election provided in subsection 39(4) of the Tax Act.

*"SIFT Rules"* - The SIFT Rules apply to trusts that are resident in Canada for the purposes of the Tax Act and that hold one or more "non-portfolio properties" (as defined in the Tax Act) and the units of which are listed or traded on a stock exchange or other public market ("**SIFT trust**"). Under the SIFT Rules, if the ETF were a SIFT trust it will generally be subject to tax at rates applicable to a Canadian corporation on income from a non-portfolio property (other than a taxable dividend) and net taxable capital gains realized on the disposition of a non-portfolio property (generally, "non-portfolio earnings" under the Tax Act). Unitholders who receive distributions from the ETF of this income and gain are deemed to receive an eligible dividend from a Canadian corporation for tax purposes. The total of the tax payable by the ETF on its non-portfolio earnings and the tax payable by a Unitholder on the distribution of those earnings will generally be more than the tax that would have been payable in the absence of the tax rules that apply to a SIFT trust. Even if units of the ETF are listed or traded on a stock exchange or other public market, provided the ETF only invests in bitcoin, the ETF should not be a SIFT trust; however, no assurance can be given in this regard.

*Treatment of gains and losses on dispositions of bitcoin – treatment of forks and air drops* - The ETF generally will treat gains (or losses) as a result of any disposition of bitcoin as capital gains (or capital losses). The CRA has stated that it generally treats cryptocurrency like a commodity for purposes of the Tax Act. The CRA has also expressed the opinion that gains (or losses) of mutual fund trusts resulting from transactions in commodities should generally be treated for income tax purposes as ordinary income rather than as capital gains, although the treatment in each particular case remains a question of fact to be determined having regard to all the circumstances. In addition, bitcoin may become subject to network forks and/or certain related occurrences such as air drops (See "Risk Factors Relating to Bitcoin – Network Forks" and "Risk Factors Relating to Bitcoin – Air Drops"). The tax treatment of forks, air drops and other occurrences affecting bitcoin is subject to considerable uncertainty, and the CRA may disagree with positions taken by the ETF in this regard. If any transactions of the ETF are reported by it on capital account, but are subsequently determined by the CRA to be on income account, or if the CRA were to disagree with positions taken by the ETF in relation to forks, air drops or other occurrences affecting bitcoin, there may be an increase in the net income of the ETF, which is automatically distributed by the ETF to its Unitholders under the terms of the Declaration of Trust at the ETF's taxation year end; with the result that Canadian-resident Unitholders could be reassessed by the CRA to increase their taxable income by the amount of such increase, and non-resident Unitholders potentially could be assessed directly by the CRA for Canadian withholding tax on the amount of net gains on such transactions that were treated by the CRA as having been distributed to them. The CRA could assess the ETF for a failure of the ETF to withhold tax on distributions made by it to non-resident Unitholders that are subject to withholding tax, and typically would do so rather than assessing the non-resident Unitholders directly. Accordingly, any such re-determination by

the CRA may result in the ETF being liable for unremitted withholding taxes on prior distributions made to Unitholders who were not resident in Canada for the purposes of the Tax Act at the time of the distribution. As the ETF may not be able to recover such withholding taxes from the non-resident Unitholders whose Units are redeemed, payment of any such amounts by the ETF would reduce the Net Asset Value of the ETF.

*“Loss restriction event”* - If the ETF experiences a “loss restriction event”, it will: (i) be deemed to have a year-end for tax purposes (which would result in an allocation of the ETF’s taxable income at such time to Unitholders so that the ETF is not liable for income tax on such amounts); and (ii) become subject to the loss restriction rules generally applicable to corporations that experience an acquisition of control, including a deemed realization of any unrealized capital losses and restrictions on their ability to carry forward losses. Generally, the ETF will be subject to a loss restriction event when a person becomes a “majority-interest beneficiary” of the ETF, or a group of persons becomes a “majority-interest group of beneficiaries” of the ETF, as those terms are defined in the affiliated persons rules contained in the Tax Act, with appropriate modifications. Generally, a majority-interest beneficiary of the ETF will be a beneficiary who, together with the beneficial interests of persons and partnerships with whom the beneficiary is affiliated, has a fair market value that is greater than 50% of the fair market value of all the interests in the income or capital, respectively, in the ETF.

#### *No Operating History*

The ETF is a newly organized investment trust with no operating history as an exchange-traded fund. Although Units of the ETF may be listed on the TSX, there can be no assurance that an active public market for the Units will develop or be sustained. The TSX has not conditionally approved the Manager’s listing application for the ETF and there is no assurance that it will do so.

#### *Nature of Units*

The Units represent a fractional interest in the assets of the ETF. Unitholders will not have the statutory rights normally associated with ownership of shares of a corporation including, for example, the right to bring “oppression” or “derivative” actions.

**Potential purchasers may wish to consult with their own investment advisers for advice in connection with an investment in the Units.**

## **INVESTMENT RISK CLASSIFICATION METHODOLOGY**

### **Risk Rating of the ETF**

The investment risk level of the ETF is required to be determined in accordance with a standardized risk classification methodology that is based on its historical volatility, as measured by the 10-year standard deviation of its returns. If the ETF has less than 10 years of performance history, the Manager calculates the investment risk level of the ETF by using a reference index that is expected to reasonably approximate the standard deviation of the ETF. Once the ETF has 10 years of performance history, the methodology calculates the standard deviation of the ETF by using its performance history, rather than that of its reference index. The ETF is assigned an investment risk rating in one of the following categories: low, low to medium, medium, medium to high or high risk.

The following chart sets out the reference index used for the ETF for the portion of the 10-year calculation period during which the ETF did not exist:

<b>ETF</b>	<b>Reference Index</b>	<b>Description of Reference Index</b>
CI Galaxy Bitcoin ETF	Bloomberg Galaxy Bitcoin Index	Bloomberg Galaxy Bitcoin Index is designed to measure the performance of a single bitcoin traded in USD

Unitholders should know that other types of risks, both measurable and non-measurable, exist. Also, just as historical performance may not be indicative of future returns, historical volatility may not be indicative of future volatility. The risk rating of the ETF is reviewed annually and anytime it is no longer reasonable in the circumstances. A more

detailed explanation of the risk classification methodology used to identify the risk rating is available on request, at no cost, by calling 1-800-792-9355 (toll free) or by emailing [service@ci.com](mailto:service@ci.com).

### **DISTRIBUTION POLICY**

It is not anticipated that the ETF will make cash distributions.

If the ETF's net income for tax purposes, including net realized capital gains, for any year exceeds the aggregate amount of the distributions made in the year to Unitholders, if any, the ETF will be required to pay one or more special year-end distributions in such year to Unitholders as is necessary to ensure that the ETF will not be liable for income tax on such amounts under the Tax Act (after taking into account all available deductions, credits and refunds). Such special distributions may be paid in the form of Units and/or cash. Any special distributions payable in Units of the applicable series will increase the aggregate adjusted cost base of a Unitholder's Units of such series. Immediately following payment of such a special distribution in Units of the applicable series, the number of Units of such series outstanding will be automatically consolidated such that the number of Units outstanding after such distribution will be equal to the number of Units outstanding immediately prior to such distribution, except in the case of a non-resident Unitholder to the extent tax was required to be withheld in respect of the distribution. See "Income Tax Considerations".

### **PURCHASES OF UNITS**

#### **Investment in the ETF**

In compliance with NI 81-102, the ETF will not issue Units to the public until subscriptions aggregating not less than \$500,000 have been received and accepted by the ETF from investors other than persons or companies related to the Manager or its affiliates.

#### **Issuance of Units**

Units of the ETF are being issued and sold on a continuous basis and there is no maximum number of Units that may be issued.

#### ***To Designated Brokers and Dealers***

All orders to purchase Units directly from the ETF must be placed by a Designated Broker or Dealer. The ETF reserves the absolute right to reject any subscription order placed by the Designated Broker and/or a Dealer. No fees will be payable by the ETF to the Designated Broker or a Dealer in connection with the issuance of Units. On the issuance of Units, the Manager may, at its discretion, charge an administrative fee to a Dealer or Designated Broker to offset any expenses (including any applicable TSX additional listing fees) incurred in issuing the Units.

On any Trading Day, the Designated Broker or a Dealer may place a subscription order for the PNU or integral multiple PNU of the ETF.

If a subscription order is received by the ETF at or before 9:00 a.m. (Toronto time) on a Trading Day prior to the effective date of the subscription order (or such later time as the Manager may permit), the ETF will generally issue to the Dealer or Designated Broker a PNU (or an integral multiple thereof) within two Trading Days from the effective date of the subscription order or such other day as mutually agreed between the Manager and the Designated Broker or Dealer, provided that payment for the Units has been received.

Unless the Manager shall otherwise agree or the Declaration of Trust shall otherwise provide, as payment for a PNU of the ETF, a Dealer or Designated Broker must deliver cash in an amount equal to the NAV of the PNU of the ETF determined at the Valuation Time on the effective date of the subscription order, plus if applicable, any fees payable in connection with cash-only payments for subscriptions of a PNU of the ETF, representing, as applicable, brokerage expenses, commissions, transaction costs and other costs or expenses that the ETF incurs or expects to incur in purchasing portfolio assets on the market with such cash proceeds.

The Manager will, except when circumstances prevent it from doing so, publish the PNU for the ETF following the close of business on each Trading Day on its website, [www.firstasset.com](http://www.firstasset.com). The Manager may, at its discretion, increase or decrease the applicable PNU from time to time.

### **Buying and Selling Units of the ETF**

The Manager, on behalf of the ETF, has applied, or will apply, to list the Units of the ETF on the TSX. Listing is subject to the approval of the TSX in accordance with its original listing requirements. The TSX has not conditionally approved the Manager's listing application and there is no assurance that the TSX will approve the listing application. Subject to receiving conditional approval and satisfying the TSX's original listing requirements, the Units of the ETF will be listed on the TSX and investors will be able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investors reside. Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or the ETF in connection with buying or selling of Units on the TSX.

### ***Special Considerations for Securityholders***

The provisions of the so-called "early warning" requirements set out in Canadian securities legislation do not apply in connection with the acquisition of Units. In addition, the ETF is entitled to rely on exemptive relief from the Canadian securities regulatory authorities to permit a Unitholder to acquire more than 20% of the Units of the ETF through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation.

## **REDEMPTION AND EXCHANGE OF UNITS**

As described under "Book-Entry Only System", registration of interests in, and transfers of, Units will be made only through the book-entry only system of CDS. The redemption rights described below must be exercised through the CDS Participant through which the owner holds Securities. Beneficial owners of Units should ensure that they provide redemption instructions to the CDS Participant through which they hold such Unit sufficiently in advance of the cut-off times described below to allow such CDS Participant to notify CDS and for CDS to notify the Registrar and Transfer Agent prior to the relevant cut-off time.

### ***Redemption and Exchange of Units***

On any Trading Day, Unitholders of the ETF may redeem (i) Units of the ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective day of redemption, less any applicable redemption fee determined by the Manager, in its sole discretion, from time to time, or may exchange (ii) a PNU or a multiple PNU for cash, or if agreed to and permitted by the Manager, for cash and portfolio assets, equal to the NAV of that number of Units of the ETF less any applicable redemption fee determined by the Manager, in its sole discretion from time to time. The redemption price will be paid in U.S. dollars. Since Unitholders will generally be able to sell Units at the market price on the TSX through a registered broker or dealer subject only to customary brokerage commissions, Unitholders of the ETF are advised to consult their brokers, dealers or investment advisors before redeeming such Units for cash. No fees or expenses are paid by Unitholders to the Manager or the ETF in connection with selling Unit on the TSX.

In order for a cash or exchange redemption to be effective on a Trading Day (the effective day of redemption), a cash or exchange redemption request must be delivered to the Manager in the form and at the location prescribed by the Manager from time to time by 9:00 a.m. (Toronto time) on the Trading Day prior to the effective day of redemption (or such later time as the Manager may permit). Any cash or exchange redemption request received after such time will be effective only on the second next Trading Day. The cash redemption or exchange request forms may be obtained from any registered broker or dealer. Where possible, payment of the redemption price will be made by no later than the second Trading Day after the effective day of redemption.

Unitholders that have delivered a redemption request prior to the Distribution Record Date for any distribution will not be entitled to receive that distribution.

In connection with the redemption (or cash exchange) of Units of the ETF, the ETF will generally dispose of portfolio assets to satisfy the redemption. ***Suspension of Redemptions and Exchanges***

The Manager may suspend the redemption or exchange of Units or payment of redemption proceeds of the ETF with the prior permission of the securities regulatory authorities, for any period during which the Manager determines that conditions exist that render impractical the sale of assets of the ETF or that impair the ability of the Valuation Agent

to determine the value of the assets of the ETF. The suspension may apply to all requests for redemption received prior to the suspension but as to which payment has not been made, as well as to all requests received while the suspension is in effect. All Unitholders making such requests shall be advised by the Manager of the suspension and that the redemption will be effected at a price determined on the first Valuation Date following the termination of the suspension. All such Unitholders shall have and shall be advised that they have the right to withdraw their requests for redemption. The suspension shall terminate in any event on the first day on which the condition giving rise to the suspension has ceased to exist, provided that no other condition under which a suspension is authorized then exists. To the extent not inconsistent with official rules and regulations promulgated by any government body having jurisdiction over the ETF, any declaration of suspension made by the Manager shall be conclusive.

### ***Redemption fee***

An amount as may be agreed to between the Manager and the Designated Broker or a Dealer of the ETF may be charged by the Manager at its discretion, on behalf of the ETF, to the Designated Broker and/or Dealers to offset certain transaction costs including brokerage expenses, commissions and other costs and expenses associated with the issue, exchange or redemption of Units of the ETF to or by such Designated Broker and/or Dealer. The Manager will publish the current redemption fee, if any, on its website, [www.firstasset.com](http://www.firstasset.com). This fee, which is payable to the applicable ETF, does not apply to Unitholders who buy and sell their Units through the facilities of the TSX.

### ***Allocations of Capital Gains to Redeeming or Exchanging Unitholders***

Pursuant to the Declaration of Trust, the ETF may allocate and designate as payable any capital gains realized by the ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption or exchange of Units to a Unitholder whose Units are being redeemed or exchanged. Any such allocations and designations will reduce the redemption price otherwise payable to the redeeming or exchanging Unitholder. Provided that certain Tax Amendments released on July 30, 2019 are enacted as proposed, and once such Tax Amendments come into effect, an amount so allocated and designated to a redeeming or exchanging Unitholder will only be deductible to the ETF to the extent of the gain that would otherwise be realized by the Unitholder on the redemption or exchange of Units. As currently proposed, such Tax Amendments would apply to the ETF as of its first taxation year. However, it is understood that, in response to inquiries from industry participants, the Department of Finance (Canada) is considering delaying the effective date of such Tax Amendments with respect to allocations of capital gains until the end of 2021.

### ***Short-Term Trading***

Unlike conventional open-end mutual funds in which short term trading by investors may cause the mutual fund to incur additional unnecessary trading costs in connection with the purchase of additional portfolio securities and the sale of portfolio securities to fund securityholder redemptions, the Manager does not believe that it is necessary to impose any short-term trading restrictions on the ETF at this time as: (i) the ETF is an exchange-traded fund that is primarily traded in the secondary market; and (ii) the few transactions involving Unitholders of the ETF that do not occur on the secondary market involve Designated Brokers and Dealers, who can only purchase or redeem Units in a PNU and on whom the Manager may impose an redemption fee. The redemption fee is intended to compensate the ETF for any costs and expenses incurred by the ETF in order to fund the redemption.

## **PRICE RANGE AND TRADING VOLUME OF UNITS**

This information is not yet available for the ETF because it is new.

## **INCOME TAX CONSIDERATIONS**

In the opinion of Blake, Cassels & Graydon LLP, counsel to the ETF, the following is a summary of the principal Canadian federal income tax considerations under the Tax Act for the ETF and for a prospective investor in the ETF who, for the purpose of the Tax Act at all relevant times, is an individual (other than a trust), is resident in Canada, holds Units of the ETF as capital property, is not affiliated and deals at arm's length with the ETF and has not entered into a "derivative forward agreement" (as defined in the Tax Act) with respect to Units of the ETF. This summary is based upon the current provisions of the Tax Act and regulations thereunder, the Tax Amendments and counsel's understanding of the current published administrative policies and assessing practices of the Canada Revenue Agency



publicly available prior to the date hereof. This summary does not take into account or anticipate any other changes in law whether by legislative, administrative or judicial action and it does not take into account provincial, territorial or foreign income tax legislation or considerations, which may differ from the considerations described below.

This summary is of a general nature only and is not exhaustive of all possible income tax considerations. Prospective investors should therefore consult their own tax advisors about their individual circumstances.

This summary assumes that at no time will the ETF be a SIFT trust. Even if units of the ETF are listed or traded on a stock exchange or other public market, provided the ETF only invests in bitcoin, the ETF should not be a SIFT trust; however, no assurance can be given in this regard.

Under the SIFT Rules, trusts or partnerships (defined as “**SIFT trusts**” and “**SIFT partnerships**”, respectively) the securities of which are listed or traded on a stock exchange or other public market, and that hold one or more “non-portfolio properties” (as defined), are effectively taxed on income and taxable capital gains in respect of such non-portfolio properties at combined rates comparable to the rates that apply to income earned and distributed by Canadian corporations. Distributions of such income received by unitholders of SIFT trusts (and allocations of such income made to members of SIFT partnerships) are treated as eligible dividends from a taxable Canadian corporation.

The SIFT Rules could affect the ETF and its Unitholders to the extent that the ETF is a SIFT trust to which the SIFT Rules apply, and the ETF earns income from non-portfolio property or taxable capital gains from the disposition of “non-portfolio property”. Counsel believes that the SIFT Rules were not intended to apply to trusts such as the ETF and the ETF is subject to investment restrictions intended to restrict its ability to hold “non-portfolio property”. If the ETF is considered to be a SIFT trust, “non-portfolio earnings” of the ETF will be subject to the tax under the SIFT Rules when such amounts are distributed by the ETF its Unitholders and such distributions will be treated in the hands of such Unitholders as eligible dividends from a taxable Canadian corporation.

### **Status of the ETF**

This summary is based on the assumption that the ETF will comply at all material times with the conditions prescribed in the Tax Act and otherwise so as to qualify as a “mutual fund trust” as defined in the Tax Act. Counsel is advised that the ETF is expected to qualify as a “mutual fund trust” under the Tax Act at all material times. If the ETF were to not qualify as a “mutual fund trust” for the purposes of the Tax Act for any period of time, the tax considerations could be materially different from those described below.

In the opinion of counsel, provided that the ETF qualifies as a “mutual fund trust” within the meaning of the Tax Act, or the Units of a series of the ETF continue to be listed on a “designated stock exchange” within the meaning of the Tax Act, such Units, or the Units of such series of the ETF, respectively, will be qualified investments for Registered Plans. However, in the case of a TFSA, an RRSP, an RRIF, an RDSP, an RESP, if the holder of such TFSA or RDSP, the subscriber of such RESP, or annuitant under such RRSP or RRIF, as the case may be, holds a “significant interest” in the ETF, or if such holder, subscriber or annuitant does not deal at arm’s length with the ETF for purposes of the Tax Act, the Units of the ETF will be a “prohibited investment” for such TFSA, RDSP, RESP, RRSP or RRIF. If Units of the ETF are a “prohibited investment” for a TFSA, RDSP, RESP, RRSP or RRIF that acquires such Units, the holder of the TFSA or RDSP, subscriber of the RESP, or annuitant under the RRSP or RRIF will be subject to a penalty tax as set out in the Tax Act. Generally, a holder, subscriber or annuitant will not be considered to have a “significant interest” in the ETF unless the holder, subscriber or annuitant owns 10% or more of the value of the outstanding Units of the ETF, either alone or together with persons and partnerships with which the holder, subscriber or annuitant does not deal at arm’s length. Holders of TFSAs and RDSPs, subscribers of RESPs, and annuitants under RRSPs and RRIFs should consult their own tax advisors to ensure Units of the ETF would not be a “prohibited investment” for purposes of the Tax Act in their particular circumstances.

At the date hereof, the assets of a pension plan may be invested in Units provided that the assets of such plan are invested in accordance with the applicable laws and regulations, investment criteria and statement of investment policies and procedures established for such pension plan. However, no purchase of Units should be made solely in reliance on the above general statement. A pension plan wishing to invest in Units should make its own assessment, including by consulting its advisors, of its ability to make such an investment in its particular circumstances.

### **Taxation of the ETF**

The ETF will include in computing its income, taxable distributions received or deemed to be received on assets held by it, the taxable portion of capital gains realized by the ETF on the disposition of assets held by it, and other income.

The Declaration of Trust requires that the ETF distribute its net income and net realized capital gains, if any, for each taxation year of the ETF to Unitholders to such an extent that the ETF will not be liable in any taxation year for ordinary income tax (after taking into account any applicable losses of the ETF and any capital gains refunds to which the ETF is entitled). If in a taxation year the income for tax purposes of the ETF exceeds the cash available for distribution by the ETF, the ETF will distribute its income through a payment of reinvested distributions.

The CRA has stated that it generally treats cryptocurrency like a commodity for purposes of the Tax Act. The CRA has also expressed the opinion that gains (or losses) of mutual fund trusts resulting from transactions in commodities should generally be treated for tax purposes as ordinary income rather than as capital gains, although the treatment in each particular case remains a question of fact to be determined having regard to all the circumstances. As the ETF intends to be a long-term holder of bitcoin, the Manager anticipates that the ETF will generally treat gains (or losses) as a result of any disposition of bitcoin as capital gains (or capital losses) although, depending on the circumstances, the ETF may instead include the full amount in (or deduct the full amount from) income.

In general, gains or losses in respect of currency hedges entered into in respect of amounts invested in the portfolio of the ETF will constitute capital gains and capital losses to the ETF to the extent the ETF's portfolio is capital property to the ETF and provided there is sufficient linkage, subject to certain rules in the Tax Act (the "DFA Rules"). The DFA Rules target certain financial arrangements (referred to as "derivative forward agreements") that seek to reduce tax by converting, through the use of derivative contracts, the return on an investment that would otherwise have the character of ordinary income to a capital gain. The DFA Rules are broadly drafted and could apply to other agreements or transactions. The Tax Act contains rules which clarify that the DFA Rules generally should not apply to such foreign currency hedges entered into in respect of investments held as capital property.

If the ETF realizes capital gains as a result of a transfer or disposition of its property undertaken to permit a redemption or exchange of Units by a Unitholder, all or a portion of the amount received by the Unitholder may be designated and treated for income tax purposes as a distribution to the Unitholder out of such capital gains rather than being treated as proceeds of disposition of the Units. Legislative proposals released by the Minister of Finance (Canada) on July 30, 2019 proposed amendments to the Tax Act that would deny the ETF a deduction for the portion of a capital gain designated to a Unitholder on a redemption or exchange of Units that is greater than the Unitholder's accrued gain on those Units, where the Unitholder's proceeds of disposition are reduced by the designation. If such Tax Amendments are enacted in their current form, and once such Tax Amendments come into effect, any taxable capital gains that would otherwise have been designated to redeeming or exchanging unitholders may be made payable to the remaining, non-redeeming Unitholders to ensure the ETF will not be liable for non-refundable income tax thereon. Accordingly, the amounts of taxable distributions made to Unitholder may be greater than they would have been in the absence of such amendments. As currently proposed, such Tax Amendments would apply to the ETF as of its first taxation year. However, it is understood that, in response to inquiries from industry participants, the Department of Finance (Canada) is considering delaying the effective date of such Tax Amendments with respect to allocations of capital gains until the end of 2021.

Any losses incurred by the ETF may not be allocated to Unitholders, but may generally be carried forward and back and deducted in computing the taxable income of the ETF in accordance with the detailed rules and limitations in the Tax Act.

The ETF is subject to the suspended loss rules contained in the Tax Act. A loss realized on a disposition of capital property is considered to be a suspended loss when the ETF acquires a property (a "substituted property") that is the same as or identical to the property disposed of, within 30 days before and 30 days after the disposition and the ETF owns the substituted property 30 days after the original disposition. If a loss is suspended, the ETF cannot deduct the loss until the substituted property is sold and is not reacquired within 30 days before and after the sale, which may increase the amount of net realized capital gains of the ETF to be made payable to its Unitholders.

The ETF is required to compute its income and gains for tax purposes in Canadian dollars. Therefore, the amount of income, cost, proceeds of disposition and other amounts in respect of investments that are not Canadian dollar denominated will be affected by fluctuations in the exchange rate of the Canadian dollar against the relevant foreign currency.

## **Taxation of Unitholders**

### *Distributions*

A Unitholder will be required to include in the Unitholder's income for tax purposes for any year the amount of net income and net taxable capital gains of the ETF, if any, paid or payable to the Unitholder in the year and deducted by the ETF in computing its income, whether or not such amounts are reinvested in additional Units. The non-taxable portion of any net realized capital gains of the ETF that is paid or payable to a Unitholder in a taxation year will not be included in computing the Unitholder's income for the year and, provided appropriate designations are made by the ETF, will not reduce the adjusted cost base of the Unitholder's Units. Any returns of capital will reduce the Unitholder's adjusted cost base. To the extent that a Unitholder's adjusted cost base would otherwise be a negative amount, the negative amount will be deemed to be a capital gain realized by the Unitholder and the Unitholder's adjusted cost base will be nil immediately thereafter. The ETF will designate, to the extent permitted by the Tax Act, the portion of the net income distributed to Unitholders as may reasonably be considered to consist of net taxable capital gains realized or considered to be realized by the ETF. Any such designated amount will be deemed for tax purposes to be realized by Unitholders in the year as a taxable capital gain. Capital gains so designated will be subject to the general rules relating to the taxation of capital gains described below. Any loss of the ETF for purposes of the Tax Act cannot be allocated to, and cannot be treated as a loss of, the Unitholders.

### **Composition of Distributions**

Unitholders will be informed each year of the composition of the amounts distributed to them, including amounts in respect of both cash and reinvested distributions. This information will indicate whether distributions are to be treated as ordinary income, taxable capital gains and returns of capital, as those items are applicable.

### **Tax Implications of the ETF's Distribution Policy**

When a Unitholder acquires Units, a portion of the price may reflect income and capital gains of the ETF that have not been realized or distributed. This may particularly be the case near year-end before year-end distributions have been made. When such income and capital gains are distributed by the ETF, they must be taken into account by the Unitholder in computing its income for tax purposes even though such amounts may have been reflected in the price paid by the Unitholder.

### **Disposition of Units**

Upon the actual or deemed disposition of a Unit, including the redemption of a Unit, a capital gain (or a capital loss) will generally be realized by the Unitholder to the extent that the proceeds of disposition of the Unit exceed (or are less than) the aggregate of the adjusted cost base to the Unitholder of the Unit and any reasonable costs of disposition. In general, the adjusted cost base of all Units of a particular series held by the Unitholder is the total amount paid for the Units (including brokerage commissions paid), regardless of when the investor bought them, less any returns of capital and less the adjusted cost base of any Units of such series previously disposed of by the Unitholder. For the purpose of determining the adjusted cost base of Units of a particular series to a Unitholder, when Units are acquired, the cost of the newly acquired Units will be averaged with the adjusted cost base of all Units of such series owned by the Unitholder as capital property immediately before that time.

### **Taxation of Capital Gains and Capital Losses**

One-half of any capital gain realized by an investor and the amount of any net taxable capital gains realized or considered to be realized by the ETF and designated by the ETF in respect of an investor will be included in the investor's income as a taxable capital gain. One-half of a capital loss will be an allowable capital loss realized by an investor that will be deducted from taxable capital gains subject to and in accordance with detailed rules in the Tax Act.

### **Taxation of Registered Plans**

In general, the amount of a distribution paid or payable to a Registered Plan from the ETF and gains realized by a Registered Plan on a disposition of a Unit will not be taxable under the Tax Act. As is the case for all investments held in Registered Plans, amounts withdrawn from a Registered Plan (other than from a TFSA or a return of

contributions from an RESP or certain withdrawals from an RDSP) will generally be subject to tax. To the extent Units of the ETF are exchanged or redeemed by a Unitholder for bitcoin, or liquidation of the bitcoin of the ETF is not practicable upon termination of the ETF, any bitcoin received by the Unitholder would not be a qualified investment for Registered Plans.

### **EXCHANGE OF TAX INFORMATION**

The ETF is required to comply with due diligence and reporting obligations in the Tax Act enacted to implement the Canada-United States Enhanced Tax Information Exchange Agreement. As long as Units of a series of the ETF are and continue to be listed on the TSX, the ETF should not have any U.S. reportable accounts and, as a result, it should not be required to provide information to the CRA in respect of Unitholders. However, dealers through which Unitholders hold the Units are subject to due diligence and reporting obligations with respect to financial accounts that they maintain for their clients. Unitholders may be requested to provide information to their dealer in order to allow the dealer to identify U.S. persons holding Units. If a Unitholder is a U.S. person (including a U.S. citizen or green card holder who is resident in Canada) or if the Unitholder does not provide the requested information, the Unitholder's dealer will be required under Part XVIII of the Tax Act to report certain information to the CRA about such Unitholder's investment in the ETF, unless the Units are held by a Registered Plan. The CRA is expected to provide that information to the U.S. Internal Revenue Service.

In addition, reporting obligations in the Tax Act which came into force on July 1, 2017, have implemented the Organization for Economic Co-operation and Development's (the "OECD") Common Reporting Standard (the "CRS Rules"). Pursuant to the CRS Rules, in order to meet the objectives of the OECD'S Common Reporting Standard (the "CRS"), Canadian financial institutions are required to have procedures in place to identify accounts held by residents of foreign countries which have agreed to a bilateral information exchange with Canada under the CRS (the "Participating Jurisdictions"), or by certain entities any of whose "controlling persons" are resident in a Participating Jurisdiction, and to report the required information to the CRA. Such information will be exchanged on a reciprocal, bilateral basis with the Participating Jurisdictions in which the Unitholders, or such controlling persons, are resident. Under the CRS Rules, Unitholders will be required to provide the required information regarding their investment in the ETF to the Unitholder's dealer for the purpose of the information exchange, unless the Units are held by a Registered Plan.

### **ORGANIZATION AND MANAGEMENT DETAILS OF THE ETF**

#### **The Manager**

CI Investments Inc., a registered investment fund manager and portfolio manager, is the promoter, trustee and manager of the ETF. The Manager's principal office is located at 2 Queen Street East, 20<sup>th</sup> Floor, Toronto, Ontario M5C 3G7. The Manager is a subsidiary of CI Financial Corp., an independent company offering global asset management and wealth management advisory services with approximately C\$231.5 billion in assets as of December 31, 2020. The Manager will be responsible for providing or arranging for the provision of administrative services and management functions to, including the day-to-day management of the ETF. The Manager will receive the Management Fee.

#### **Duties and Services to be Provided by the Manager**

Pursuant to the Declaration of Trust, the Manager provides and arranges for the provision of management services and required administrative services to the ETF including, without limitation: negotiating contracts with certain third-party service providers, including, but not limited to the Subadvisor, the Custodian, the Sub-Custodian, registrars, transfer agents and auditors; authorizing the payment of operating expenses incurred on behalf of the ETF; maintaining accounting records; preparing the reports to Unitholders and to the Canadian securities regulatory authorities; preparing financial statements, income tax returns and financial and accounting information as required; ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements including continuous disclosure obligations under applicable securities laws; administering purchases, redemptions and other transactions in Units; arranging for any payments required upon termination of the ETF; and dealing and communicating with the Unitholders. The Manager will provide office facilities and personnel to carry out these services, if not otherwise furnished by any other service provider to the ETF. The Manager will also monitor the investment strategy of the ETF to ensure that the ETF complies with its investment objective, investment strategy and investment restrictions and practices.

Pursuant to the Declaration of Trust, the Manager has full authority and responsibility to manage and direct the business and affairs of the ETF, to make all decisions regarding the business of the ETF and to bind the ETF. The Manager may delegate certain of its powers to third parties where, in the discretion of the Manager, it would be in the best interests of the ETF to do so.

The Manager is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the Unitholders, and to exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Manager will not be liable to the ETF or to any Unitholder or any other person for any loss or damage relating to any matter regarding the ETF, including any loss or diminution of value of the assets of the ETF if it has satisfied its standard of care set forth above.

The Manager and each of its directors, officers, employees and agents may be indemnified out of the assets of the ETF from and against all claims whatsoever, including costs, charges and expenses in connection therewith, brought, commenced or prosecuted against it for or in respect of any act, deed, matter or thing whatsoever made, done or omitted in or in relation to the execution of its duties to the ETF as long as the person acted honestly and in good faith with a view to the best interests of the ETF.

The Manager may resign upon 90 days' prior written notice to the Trustee or upon such lesser notice period as the Trustee may accept. The Manager may also be removed by the Trustee on at least 90 days' written notice to the Manager. The Trustee shall make every effort to select and appoint a successor manager prior to the effective date of the Manager's resignation.

The Manager is entitled to the Management Fee and will be reimbursed for all reasonable costs and expenses incurred by the Manager on behalf of the ETF. The Manager may, in its discretion, terminate the ETF without the approval of Unitholders if, in its opinion, it is no longer economically feasible to continue the ETF and/or it would otherwise be in the best interests of Unitholders to terminate the ETF.

The administration and management services of the Manager under the Declaration of Trust are not exclusive and nothing in the Declaration of Trust prevents the Manager from providing similar administrative and management services to other investment funds and other clients (whether or not their investment objectives and policies are similar to those of the ETF) or from engaging in other activities.

### **Officers and Directors of the Manager**

The following is a list of individuals who are the directors and executive officers of the Manager:

<u>Name and Municipality of Residence</u>	<u>Position with the Manager</u>	<u>Principal Occupation in the last five years</u>
DOUGLAS J. JAMIESON TORONTO, ONTARIO	Director, President and Ultimate Designated Person	President, Ultimate Designated Person and Director, CI Investments Inc. since March 2019  Executive Vice-President since June 2013 and Chief Financial Officer, CI Financial Corp. since May 2005. On November 13, 2020, Mr. Jamieson informed CI Financial Corp. of his intention to resign from his positions with CI Financial Corp. and its affiliates, including the Manager, to pursue other opportunities. Mr. Jamieson and CI Financial Corp. have agreed that he will remain in these positions until an orderly transition of his responsibilities is completed.
DAVID POSTER TORONTO, ONTARIO	Chief Financial Officer	Chief Financial Officer, CI Investments Inc. since March 2019
DARIE URBANKY TORONTO, ONTARIO	Director and Chief Operating Officer	Director since December 2019 and Chief Operating Officer, CI Investments Inc. since September 2018  President and Chief Operating Officer, CI Financial Corp. since June 2019

<u>Name and Municipality of Residence</u>	<u>Position with the Manager</u>	<u>Principal Occupation in the last five years</u>
WILLIAM CHINKIWSKY	Vice-President, Compliance and Chief Compliance Officer	Vice-President, Compliance and Chief Compliance Officer since February 2021, CI Investments Inc. since September 2018  Prior to February 2021, Chief Compliance Officer, BMO Asset Management Inc. and Head, Global Asset Management Compliance since 2012
EDWARD KELTERBORN TORONTO ONTARIO	Director, Senior Vice-President and General Counsel	Executive Vice-President since November 2020 and Chief Legal Officer, CI Financial Corp. since September 2018  Director, Senior Vice-President and General Counsel, CI Investments Inc. since February 2019

Except where another company is disclosed above, all directors and executive officers have held position(s) with CI Investments Inc. for the last five (5) consecutive years. Where a director or executive officer has held multiple positions with CI Investments Inc. or another company for the last five (5) consecutive years, the above table generally sets out only the current or most recently-held position(s) held at such company. The start date for each position generally refers to the date on which the director or executive officer commenced the applicable position(s).

### **The Subadvisor**

Galaxy Digital Capital Management LP will act as the bitcoin subadvisor for the ETF (the “**Subadvisor**”). The Subadvisor is incorporated under the laws of the Cayman Islands and its head office is located at 107 Grand St., New York, NY, 10013.

The Subadvisor is an affiliate of Galaxy Digital Holdings Ltd. (“**Galaxy Digital**”), a diversified financial services and investment management company in the digital asset, cryptocurrency and blockchain technology sector. In addition to asset management, the primary business areas of Galaxy Digital Holdings are trading, investment banking and principal investments. Galaxy Digital currently has over 80 employees and is led by Michael Novogratz and Steve Kurz. Paul Capelli is expected to be responsible for the subadvisory services to the ETF.

#### *Michael Novogratz*

Mr. Novogratz is currently Chairman and Chief Executive Officer of Galaxy Digital. He was formerly a Principal and a member of the Board of Directors of Fortress Investment Group LLC and Chief Investment Officer of the Fortress Macro Fund. Mr. Novogratz joined Fortress in 2002 after spending more than a decade at Goldman Sachs, where he was elected Partner in 1998. Mr. Novogratz received an A.B. degree from Princeton University in Economics and served as a helicopter pilot in the United States Army. He is also on the Board of Directors for Beat the Streets, Inc., the Jazz Foundation, Friends of Hudson River Park, the Bail Project, Princeton Varsity Club and the Board of Overseers for New York University Hospital.

#### *Steve Kurz*

Mr. Kurz is currently a Partner and Head of Asset Management for Galaxy Digital Capital Management LP. Mr. Kurz joined the Subadvisor in 2017. Prior to 2017, Mr. Kurz was a Principal and Head of Business Development at River Birch Capital, LLC. Prior to joining River Birch, Mr. Kurz was a Vice President at Fortress Investment Group, where he held capital raising, product specialist, and strategy roles. Mr. Kurz started his financial services career at Lehman Brothers as a Capital Markets Analyst in the Fixed Income Division. Mr. Kurz is an active angel investor, and is a Co-Founder of and Senior Advisor to Outer Realm VR, a Board Observer and Advisor to MicroCures Inc., and a member of NextGen Venture Partners. He serves on the New York Advisory Board of a music charity called Little Kids Rock. Mr. Kurz holds a B.A. in Economics from Cornell University.

### *Paul Cappelli*

Mr. Cappelli joined Galaxy Digital Capital Management LP in 2017. Prior to 2017, Mr. Cappelli was a Director of Fixed Income at State Street Global Advisors (SSGA) working in Capital Markets for their ETF Business. Prior to joining SSGA, Mr. Cappelli was a Director in High Yield sales and trading at Oppenheimer. Mr. Cappelli started his career at HSBC as a Foreign Exchange Analyst before spending nearly 10 years at Citigroup in Fixed Income sales and trading. Mr. Cappelli is a member of the Monogram Club at the University of Notre Dame where he won a Monogram as member of the Men's Lacrosse Team from 2000-2004. Mr. Cappelli is also a supporter of a Walk on Water which promotes therapy through surfing. Mr. Cappelli holds a B.A. in Political Science from the University of Notre Dame.

### **Details of the Subadvisor Agreement**

The Subadvisor will provide its services to the ETF pursuant to a subadvisor agreement (the “**Subadvisor Agreement**”) to be entered into between the ETF, the Manager and the Subadvisor.

Pursuant to the Subadvisor Agreement, the Subadvisor will manage the assets held by the ETF in accordance with its investment objectives and investment strategy and subject to applicable investment restrictions. The Subadvisor agrees to discharge its duties honestly, in good faith and in the best interests of the ETF and, in connection therewith, it shall exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Subadvisor Agreement provides that it may be terminated by either party if the other party commits certain acts or fails to perform its duties under the agreement. The Subadvisor Agreement also provides that the agreement will automatically terminate in the event of certain circumstances. In consideration for the services provided by the Subadvisor pursuant to the Subadvisor Agreement, the Subadvisor is paid a fee by the Manager out of the Management Fee payable by the ETF.

As further described under “Risk Factors – Risk Factors Relating to Bitcoin – Network Forks”, in the event of a fork, the ETF will hold bitcoin, the new alternative, or both, based on the Subadvisor’s sole discretion as to whether the new alternative is an appropriate medium for investment. The Subadvisor will retain full discretion as it relates to the handling of forks.

### **Conflicts of Interest**

The Manager and the Subadvisor and their affiliates are engaged in a wide range of investment management, investment advisory and other business activities. The services provided by the Manager under the Declaration of Trust and the Subadvisor under the Subadvisor Agreement are not exclusive and nothing in the agreement prevents the Manager or the Subadvisor or any of their affiliates from providing similar services to other investment funds or clients (whether or not their investment objectives, strategies and policies are similar to those of the ETF) or from engaging in other activities. The Manager and the Subadvisor therefore will have conflicts of interest in allocating management time, services and functions to the ETF and the other persons for which they provide similar services. The Manager’s and the Subadvisor’s investment decisions for the ETF will be made independently of those made on behalf of their other clients or for their own investments. On occasion, however, the Manager and the Subadvisor will make the same investment for the ETF and for one or more of their other clients. If the ETF and one or more of the other clients of the Manager or the Subadvisor or any of their affiliates are engaged in the purchase or sale of the same assets, the transactions will be effected on an equitable basis. In this regard, the Manager and the Subadvisor will generally endeavour to allocate investment opportunities to the ETF on a pro rata basis.

The Manager and the Subadvisor may trade and make investments for their own accounts, and the Manager and the Subadvisor may trade and manage accounts other than the ETF’s account utilizing trading and investment strategies which are the same as or different from the ones to be utilized in making investment decisions for the ETF. In addition, in proprietary trading and investment, the Manager or the Subadvisor may take positions the same as, different than or opposite to those of the ETF.

The Manager has established policies and procedures relating to conflicts of interest. The Manager has adopted the CI Financial Business Code of Ethics and Conduct and CI Personal Trading Policy (the “**Codes**”), which establish rules of conduct designed to ensure fair treatment of the Unitholders and to ensure that at all times the interests of the ETF and the Unitholders are placed above personal interests of employees, officers and directors of the Manager, and each of its subsidiaries, affiliates and portfolio subadvisors. The Codes apply the highest standards of integrity and ethical business conduct. The objective is not only to remove any potential for real conflict of interest, but also to avoid any

perception of conflict. The Codes address the area of investments, which covers personal trading by employees, conflict of interest, and confidentiality among departments and portfolio subadvisors. They also address confidentiality, fiduciary duty, enforcement of rules of conduct and sanctions for violations.

The Manager may at times have interests that differ from the interests of the Unitholders. Where the Manager or its affiliates otherwise perceive in the course of business, that they are or may be in a material conflict of interest position, the matter will be referred to the IRC. The IRC will consider all matters referred to it and provide its recommendations to the Manager as soon as possible.

In evaluating these conflicts of interest, potential investors should be aware that the Manager has a responsibility to the Unitholders to exercise good faith and fairness in all dealings affecting the ETF. In the event that a Unitholder believes that the Manager has violated its duty to such Unitholder, the Unitholder may seek relief for itself or on behalf of the ETF to recover damages from or to require an accounting by the Manager. Unitholders should be aware that the performance by the Manager of its responsibilities to the ETF will be measured in accordance with (i) the provisions of the Declaration of Trust; and (ii) applicable laws.

### Independent Review Committee

Set out below is a list of the individuals who comprise the independent review committee (the “**IRC**”) for the ETF:

<u>Name and Municipality of Residence</u>	<u>Principal Occupation in the last five years</u>
JAMES M. WERRY TORONTO, ONTARIO	Chair of the IRC Corporate director
TOM EISENHAUER TORONTO, ONTARIO	Chief Executive Officer of Bonnefield Financial Inc.
KAREN FISHER NEWCASTLE, ONTARIO	Corporate director
JAMES MCPHEDRAN TORONTO, ONTARIO	Corporate director Senior Advisor, McKinsey & Company since 2018 Supervisory Board Director, Maduro & Curiel’s Bank (Curacao), since 2018 Executive Vice-President, Canadian Banking, Scotiabank, from 2015 to 2018
DONNA TOTH TORONTO, ONTARIO	Corporate director Managing Director, Global Equity Sales, Scotia Capital from 2009 to 2016

Each member of the IRC is independent of the Manager, the Manager’s affiliates and the ETF. The IRC provides independent oversight and impartial judgment on conflicts of interest involving the ETF. Its mandate is to consider matters relating to conflicts of interest and recommend to the Manager what action the Manager should take to achieve a fair and reasonable result for the ETF in those circumstances; and to review and advise on or consent to, if appropriate, any other matter required by the Declaration of Trust and by applicable securities laws, regulations and rules. The IRC will meet at least quarterly.

Among other matters, the IRC prepares, at least annually, a report of its activities for Unitholders which will be available at [www.firstasset.com](http://www.firstasset.com) and upon request by any Unitholder, at no cost, by calling 1-800-792-9355 or e-mailing [service@ci.com](mailto:service@ci.com).

The IRC members perform a similar function as the independent review committee for other investment funds managed by the Manager or the Manager’s affiliates. The Chair of the IRC is paid \$88,000 annually and each member other than the Chair is paid \$72,000. Members of the IRC are also paid a meeting fee of \$1,500 per meeting after the sixth meeting attended and are reimbursed for their expenses which are typically nominal and associated with travel and the administration of meetings. Their annual fees are allocated across all investment funds managed by the Manager with the result that only a small portion of such fees were allocated to any single fund.

The individuals who comprise the IRC also perform a function similar to an audit committee for certain CI funds.



### **The Trustee**

CI Investments Inc., is also the trustee of the ETF pursuant to the Declaration of Trust (in such capacity, the “**Trustee**”). The Trustee may resign and be discharged from all further duties under the Declaration of Trust upon 90 days’ prior written notice to the Manager or upon such lesser notice as the Manager may accept. No Trustee of the ETF shall be a person who (i) is not a resident of Canada for the purposes of the Tax Act, or (ii) does not agree to carry out its functions of managing the ETF in Canada, and exercise the main powers and discretions of the trustee of the ETF in Canada. The Manager shall make every effort to select and appoint a successor trustee prior to the effective date of the Trustee’s resignation. If the Manager fails to appoint a successor trustee within 90 days after notice is given or a vacancy occurs, the Manager shall call a meeting of Unitholders within 60 days thereafter for the purpose of appointing a successor trustee. If there is no manager, five Unitholders may call a meeting of Unitholders within 31 days after notice is given or a vacancy occurs for the purpose of appointing a successor trustee. In each case, if, upon the expiry of a further 30 days, neither the Manager nor the Unitholders have appointed a successor trustee, the ETF shall be terminated and the property of the ETF shall be distributed in accordance with the terms of the Declaration of Trust.

The Trustee is required to exercise its powers and discharge its duties honestly, in good faith and in the best interests of the ETF, and to exercise the degree of care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances. The Declaration of Trust provides that the Trustee will not be liable in carrying out its duties under the Declaration of Trust as long as the Trustee has adhered to its standard of care set out above. In addition, the Declaration of Trust contains other customary provisions limiting the liability of the Trustee and indemnifying the Trustee in respect of certain liabilities incurred by it in carrying out its duties.

The Trustee will not receive any fees from the ETF but will be reimbursed for all expenses and liabilities that it properly incurs in carrying out activities on behalf of the ETF.

### **The Custodian**

Cidel Trust Company is the custodian of the assets of the ETF (the “**Custodian**”). The Custodian is a federally regulated trust company based in Calgary, Alberta and will provide services to the ETF from its office in Toronto, Ontario. The Custodian is a wholly owned subsidiary of Cidel Bank Canada, a Schedule II Bank regulated by the Office of the Superintendent of Financial Institutions. The Custodian will be responsible for safekeeping of all the investments and other assets of the ETF delivered to it (but not those assets of the ETF not directly controlled or held by the Custodian, as the case may be). The Custodian may appoint a sub-custodian from time to time in accordance with NI 81-102.

The Manager, on behalf of the ETF, or the Custodian may terminate the Custodian Agreement upon at least 120 days’ written notice. The Manager, on behalf of the ETF, may terminate the Custodian Agreement immediately: (a) in the event the Custodian, in the reasonable opinion of the Manager, fails to comply with or be qualified to act as a custodian under NI 81-102; (b) if an order is made or an effective resolution is passed for the winding up, dissolution or liquidation of the Custodian; or (c) if the Custodian becomes bankrupt or insolvent or makes a general assignment for the benefit of its creditors or a receiver is appointed in respect of the Custodian or a substantial portion of its assets. The Custodian may terminate the Custodian Agreement on 30 days’ written notice to the ETF in the event that the Custodian has delivered a termination notice to the Sub-Custodian, or is entitled to deliver a termination notice to the Sub-Custodian upon the occurrence of certain termination events, pursuant to the terms of the Sub-Custodian Agreement. The Custodian is entitled to receive fees from the ETF as described under “Fees and Expenses – Operating Expenses” and to be reimbursed for all expenses and liabilities that are properly incurred by the Custodian in connection with the activities of the ETF.

The Custodian, in carrying out its duties concerning the safekeeping of, and dealing with, the portfolio assets of the ETF, is required to exercise (a) the degree of care, diligence and skill that a reasonably prudent person would exercise in the circumstances; or (b) at least the same degree of care as they exercise with respect to their own property of a similar kind, if this is a higher degree of care than the degree of care referred to in (a).

### **The Sub-Custodian**

Gemini acts as sub-custodian of the ETF in respect of the ETF’s holdings of bitcoin (the “**Sub-Custodian**”) pursuant to a sub-custodian agreement between the Custodian, the ETF, and Gemini dated ●, 2021 (the “**Sub-Custodian Agreement**”).

Gemini is a trust company licensed and regulated by the New York State Department of Financial Services and is qualified to act as a sub-custodian of the ETF for assets held outside of Canada in accordance with NI 81-102. Gemini operates in 49 U.S. states, Canada and certain other international jurisdictions. Having successfully completed its SOC 1 Type 1 examination and SOC 2 Type 2 examinations, all conducted by Deloitte & Touche LLP, Gemini is the world's first cryptocurrency custodian to demonstrate this high level of financial operations and security compliance with respect to protecting customer data and funds.

As a fiduciary under Section 100 of the New York Banking Law, Gemini is held to specific capital reserve requirements and banking compliance standards. Gemini is also subject to the laws, regulations and rules of applicable governmental or regulatory authorities, including: money service business regulations under the Financial Crimes Enforcement Network (“**FinCEN**”); U.S. state money transmission laws; laws, regulations, and rules of relevant tax authorities; applicable regulations and guidance set forth by FinCEN; the Bank Secrecy Act of 1970; the USA Patriot Act of 2001; AML Regulations as mandated by U.S. federal law and any other rules and regulations regarding anti-money laundering/counter-terrorist financing; issuances from the Office of Foreign Assets Control; the New York Banking Law; regulations promulgated by the New York State Department of Financial Services from time to time; the National Futures Association; the Financial Industry Regulatory Authority; and the Commodity Exchange Act.

Gemini will use segregated cold storage bitcoin addresses for the ETF which are separate from the bitcoin addresses that Gemini uses for its other customers and which are directly verifiable via the Bitcoin blockchain. Gemini will at all times record and identify in its books and records that such bitcoins constitute the property of the ETF. Gemini will not loan, hypothecate, pledge or otherwise encumber the ETF's bitcoins without the ETF's instruction. Gemini, in carrying out its duties concerning the safekeeping of, and dealing with, the ETF's bitcoins, is required to take reasonable care and use commercially reasonable efforts in executing its responsibilities under the Sub-Custodian Agreement, and has agreed to adhere to the standard of care required by law, including NI 81-102.

The Manager may appoint additional sub-custodians from time to time in accordance with NI 81-102.

#### *Bitcoin Storage, Security Policies and Practices*

The bitcoin that Gemini will hold for the ETF will be stored offline in cold storage only. Bitcoin private keys are stored in two different forms: “hot wallet” storage, whereby the private keys are connected to the internet, and “cold” storage, where digital currency private keys are stored completely offline.

Gemini has adopted the following security policies and practices with respect to digital assets held in cold storage: hardware security modules (“**HSMs**”) are used to generate, store and manage cold storage private keys; multi-signature technology is used to provide both security against attacks and tolerance for losing access to a key or facility, eliminating single points of failure; all HSMs are stored offline in air-gapped environments within a diverse network of guarded, monitored and access-controlled facilities that are geographically distributed; multiple levels of physical security and monitoring controls are implemented to safeguard HSMs within storage facilities; all fund transfers require the coordinated actions of multiple employees; and digital asset whitelisting is enforced for all cold storage accounts.

#### *Gemini BSA/AML Program*

Gemini has adopted the Gemini BSA/AML Program for its digital asset exchange and custody service in an effort to maintain the highest possible compliance with applicable laws and regulations relating to anti-money laundering in the United States and other countries where it conducts business. This program includes robust internal policies, procedures and controls that combat any attempted use of Gemini for illegal or illicit purposes, including a customer identification program, annual training of all employees and officers in AML Regulation, filing of Suspicious Activity Reports and Currency Transaction Reports with the U.S. Financial Crimes Enforcement Network and annual internal and independent audits of the Gemini BSA/AML Program.

#### *Website Security*

Gemini has implemented certain security policies and practices to enhance security on its website, including through the use of two-factor authentication for certain user actions, such as withdrawals; a requirement for strong passwords from its users, which are cryptographically hashed using modern standards; encryption of sensitive user information, both in transit and at rest; the application of rate-limiting procedures to certain account operations such as login attempts to thwart brute force attacks; the transmission of website data over encrypted transport layer security

connections; the leveraging of content-security policy and HTTP strict transport security features in modern browsers; partnerships with enterprise vendors to mitigate potential distributed denial-of-service attacks; and the use of separate access controls on internal-only sections of Gemini’s website.

#### *Internal Controls*

In addition to the security policies and procedures discussed above, Gemini has also instituted the following internal controls: multiple signatories are required to transfer funds out of cold storage; Gemini’s Chief Executive Officer and President are unable to individually or jointly transfer funds out of cold storage; all private keys are stored offsite in secure facilities; all employees undergo criminal and credit background checks, and are subject to ongoing background checks throughout their employment; and all remote-access by employees uses public-key authentication (e.g. no passwords, one-time passwords or other phishable credentials are used).

#### *Insurance*

As Sub-Custodian, Gemini is responsible for securing the bitcoin owned by the ETF.

Gemini maintains commercial crime insurance in respect of the bitcoin held by it (e.g., bitcoin held in “cold storage”). To date, Gemini has never experienced a loss due to unauthorized access from its hot wallet or the cold storage vaults where the ETF’s bitcoin will be custodied. The ETF’s bitcoin will be held in cold storage vaults only.

#### **The Auditor**

The auditors of the ETF are Ernst & Young LLP, Toronto, Ontario.

#### **The Registrar and Transfer Agent**

TSX Trust Company (the “**Registrar and Transfer Agent**”) will be appointed the registrar and transfer agent for the Units. The Registrar and Transfer Agent is located in, and the register of Units will be kept by the Registrar and Transfer Agent in, Toronto, Ontario.

#### **The Valuation Agent**

CIBC Mellon Global Securities Services Company (the “**Valuation Agent**”) will be appointed as valuation agent and will provide accounting and valuation services to the ETF. The Valuation Agent is located in Toronto, Ontario.

### **CALCULATION OF NET ASSET VALUE**

The NAV per Unit for ETF US\$ Series is determined in U.S. dollars and the NAV per Unit for ETF C\$ Unhedged Series and for ETF C\$ Hedged Series is determined in Canadian dollars.

The NAV per Unit of a series of the ETF will be computed by adding up the cash, gold bullion and other assets of the ETF allocated to the series pro rata, less the liabilities allocated to the series pro rata, and dividing the value of the net assets of that series by the total number of Units of that series that are outstanding. The NAV per Unit of each series of the ETF so determined will be adjusted to the nearest cent per Unit of that series and will remain in effect until the time as at which the next determination of the NAV per Unit of that series of the ETF is made. The NAV of the ETF and the NAV per Unit of each series of the ETF will be calculated at 4:00 p.m. (Eastern time) (the “**Valuation Time**”) on each “**Valuation Day**”, which is any day that the Manager is open for a full day of business. Typically, the NAV per Unit of the ETF will be calculated at the Valuation Time. Please note that the NAV per Unit for ETF C\$ Hedged Series takes into account the use of derivatives such as forward currency contracts, as applicable, and the costs and gains or losses of hedging transactions undertaken by such series will accrue solely to it.

The ETF issues Units directly to the Designated Broker and Dealers. The Units of each series of the ETF are offered for sale at a price equal to the NAV of the Units determined at the Valuation Time on the effective date of the subscription order on a Trading Day.

#### **Valuation Policies and Procedures of the ETF**

The following valuation procedures will be used in determining the NAV of the ETF and the NAV per Unit on each Valuation Date:

- (a) the value of any cash on hand, on deposit or on call, bills and notes and accounts receivable, prepaid expenses, cash dividends to be received and interest accrued and not yet received, will be deemed to be the face amount thereof, unless the Manager determines that any such deposit, call loan, bill, note or account receivable is not worth the face amount thereof, in which event the value thereof will be deemed to be such value as the Manager determines, on such basis and in such manner as may be approved by the board of directors of the Manager to be the reasonable value thereof;
- (b) the ETF's bitcoin will be valued based on the BTC maintained on Bloomberg or on such other index selected by the Manager from time to time;
- (c) the liabilities of the ETF will include:
  - (i) all bills, notes and accounts payable of which the ETF is an obligor;
  - (ii) all brokerage expenses of the ETF;
  - (iii) all Management Fees;
  - (iv) all contractual obligations of the ETF for the payment of money on property, including the amount of any unpaid distribution credited to the Unitholders on or before that Valuation Date;
  - (v) all allowances of the ETF authorized or approved by the Manager for taxes (if any) or contingencies; and
  - (vi) all other liabilities of the ETF of whatsoever kind and nature; and
- (d) each transaction of purchase or sale of a portfolio asset effected by the ETF shall be reflected by no later than the next time that the NAV of the ETF and the NAV per Unit is calculated.

Prior to the calculation of the NAV of the ETF, any non-U.S. dollar denominated assets and liabilities of the ETF will be converted into U.S. currency at the prevailing rate of exchange, as determined by the Manager, on the applicable Valuation Date.

In determining the NAV of the ETF, Units subscribed for will be deemed to be outstanding immediately following the calculation of the applicable NAV per Unit that is the issue price of the Units and the amount payable in connection with the issuance shall then be deemed to be an asset of the ETF. Units that are being redeemed shall be deemed to remain outstanding until immediately following the calculation of the applicable NAV per Unit that is the redemption price of the Units and thereafter, the redemption proceeds, until paid, will be a liability of the ETF.

### **Reporting of Net Asset Value**

Following the Valuation Time on the Valuation Date, the most recent NAV per Unit will be made available to persons or companies at no cost, by calling the Manager at 1-800-792-9355 or checking the ETF's website at [www.firstasset.com](http://www.firstasset.com).

### **Bloomberg Galaxy Bitcoin Index**

The ETF's bitcoin will be priced based upon the Bloomberg Galaxy Bitcoin Index ("BTC"). BTC is designed to measure the performance of a single bitcoin traded in USD. The index is owned and administered by Bloomberg Index Services Limited and is co-branded with Galaxy Digital Capital Management LP.

BTC is calculated using Bloomberg's Bloomberg Crypto Fixing ("CFIX") is used to calculate end-of-day index level. CFIX is an average of the Bloomberg Generic prices between 16:00:00 and 16:15:00 ET for each cryptocurrency (example Bloomberg ticker: XBT CFIX Curncy). Pricing sources are assessed for risk and suitability, and leverage a rules-based index methodology. BTC prices are available once per day, Monday through Friday, following its calculation window.

For more details see the description of the BTC calculation methodology at: <https://data.bloomberglp.com/professional/sites/10/CFIX-Methodology.pdf>. Such description has been prepared by Bloomberg and neither the Manager nor the ETF makes any representations or warranties as to the accuracy of such description.

As the BTC is calculated as an average of those pricing sources selected by Bloomberg, it will not necessarily be reflective of the price of bitcoin available on any given exchange or other venue where the ETF's trades are executed. In addition, the BTC is available once per day, whereas bitcoin trades 24 hours a day. As such, the BTC may not be reflective of market events and other developments that occur after its pricing window and thus the BTC may not be reflective of the then-available market price of bitcoin in periods between its calculation.

The BTC will publish Monday to Friday when the CFIX is pricing and not currently over weekends.

BLOOMBERG is a trademark or service mark of Bloomberg Finance L.P. Bloomberg's association with Galaxy is to act as the administrator and calculation agent of the BTC (the "**Index**"). Neither Bloomberg nor Galaxy guarantee the timeliness, accurateness, or completeness of any data or information relating to the Index or results to be obtained. Neither Bloomberg nor Galaxy make any warranty, express or implied, as to the Index, any data or values relating thereto or any financial product or instrument linked to, using as a component thereof or based on the Index (Products) or results to be obtained therefrom, and expressly disclaims all warranties of merchantability and fitness for a particular purpose with respect thereto. To the maximum extent allowed by law, Bloomberg, its licensees, Galaxy and its and their respective employees, contractors, agents, suppliers, and vendors shall have no liability or responsibility whatsoever for any injury or damages—whether direct, indirect, consequential, incidental, punitive, or otherwise—arising in connection with the Index, any data or values relating thereto or any Products - whether arising from their negligence or otherwise.

The Net Asset Value per Unit of a series will be computed by adding up the cash and other assets of the ETF allocated to the series pro rata, less the liabilities allocated to the series pro rata, and dividing the value of the net assets of that series by the total number of Units of that series that are outstanding. The NAV per Unit so determined will be adjusted to the nearest cent per Unit of that series and will remain in effect until the time at which the determination of the NAV per Unit is made. The NAV per Unit will be calculated as of 4:00 p.m. (Toronto time), or such other time as the Manager deems appropriate (the "**Valuation Time**") on each Valuation Date.

## **ATTRIBUTES OF THE SECURITIES**

### **Description of the Securities Distributed**

The ETF is authorized to issue an unlimited number of redeemable, transferable units of an unlimited number of series of units, each of which represents an undivided interest in the net assets of the ETF. The ETF US\$ Series Units are U.S. dollar-denominated. The ETF C\$ Unhedged Units and the ETF C\$ Hedged Units are Canadian dollar-denominated.

On December 16, 2004, the *Trust Beneficiaries' Liability Act, 2004* (Ontario) came into force. This statute provides that holders of units of a trust are not, as beneficiaries, liable for any default, obligation or liability of the trust if, when the default occurs or the liability arises: (i) the trust is a reporting issuer under the *Securities Act* (Ontario); and (ii) the trust is governed by the laws of the Province of Ontario. The ETF is a reporting issuer under the *Securities Act* (Ontario) and the ETF is governed by the laws of Ontario by virtue of the provisions of the Declaration of Trust.

Each Unit entitles the owner to one vote at meetings of Unitholders and is entitled to participate equally with all other Units with respect to all payments made to Unitholders, other than management fee distributions, including distributions of net income and net realized capital gains and, on liquidation, to participate equally in the net assets of the ETF remaining after satisfaction of any outstanding liabilities that are attributable to Units. All Units are fully paid, with no liability for future assessments, when issued and will not be transferable except by operation of law..

Notwithstanding the foregoing, pursuant to the Declaration of Trust, the ETF may allocate and designate as payable any capital gains realized by the ETF as a result of any disposition of property of the ETF undertaken to permit or facilitate the redemption of Units of the ETF to a Unitholder whose Units of the ETF are being redeemed. All Units will be fully paid, with no liability for future assessments, when issued and will not be transferable except by operation of law. Unitholders are entitled to require the ETF to redeem their Units as outlined under the heading "Redemption and Exchange of Units".

The Manager, on behalf of the ETF, has applied, or will apply, to list the Units of the ETF on the TSX. Listing is subject to the approval of the TSX in accordance with its original listing requirements. The TSX has not conditionally approved the Manager's listing application and there is no assurance that the TSX will approve the listing application. Subject to receiving conditional approval and satisfying the TSX's original listing requirements, the Units of the ETF will be listed on the TSX and investors will be able to buy or sell such Units on the TSX through registered brokers

and dealers in the province or territory where the investors reside. Investors may incur customary brokerage commissions in buying or selling Units. No fees are paid by investors to the Manager or the ETF in connection with buying or selling of Units on the TSX.

### **Redemptions of Units for Cash**

On any Trading Day, Unitholders of the ETF may redeem Units of the ETF for cash at a redemption price per Unit equal to 95% of the closing price for the Units on the TSX on the effective day of the redemption, subject to a maximum redemption price per Unit equal to the NAV per Unit on the effective date of the redemption, less any applicable redemption fee determined by the Manager, in its sole discretion, from time to time. See “Redemption and Exchange of Units”.

### **Exchange of Units for Portfolio Assets**

On any Trading Day, Unitholders of the ETF may exchange the PNU (or an integral multiple thereof) for cash or, if agreed to and permitted by the Manager, for cash and portfolio assets. See “Redemption and Exchange of Units”.

### **Book-Entry Only System**

Registration of interests in, and transfers of, Units of the ETF will be made only through non-certificated interests issued under the Book-Entry Only System of CDS. Units of the ETF must be purchased, transferred and surrendered for redemption only through a CDS Participant. All rights of an owner of Units must be exercised through, and all payments or other property to which such owner is entitled will be made or delivered by, CDS or the CDS Participant through which the owner holds such Units. Upon buying Units of the ETF, the owner will receive only the customary confirmation from the registered dealer which is a CDS Participant and from or through which the Units are purchased. References in this prospectus to a holder of Units means, unless the context otherwise requires, the owner of the beneficial interest of such Units.

Neither the ETF nor the Manager will have any liability for: (i) records maintained by CDS relating to the beneficial interests in Units or the book-based entry accounts maintained by CDS; (ii) maintaining, supervising or reviewing any records relating to such beneficial ownership interests; or (iii) any advice or representation made or given by CDS and made or given with respect to the rules and regulations of CDS or any action taken by CDS or at the direction of the CDS Participants.

The ability of a beneficial owner of Units of the ETF to pledge such Units or otherwise take action with respect to such owner’s interest in such Units (other than through a CDS Participant) may be limited due to the lack of a physical certificate.

The ETF has the option to terminate registration of Units through the book-entry only system in which case certificates for Units in fully registered form will be issued to beneficial owners of such Units or to their nominees.

### **Modification of Terms**

Any amendment to the Declaration of Trust that creates a new series of Units of the ETF will not require notice to existing Unitholders of the ETF unless such amendment in some way affects the rights of existing holders of Units or the value of their investment. An amendment such as the re-designation of a series of Units of the ETF, or the termination of a series of Units of the ETF, which has an effect on a Unitholder’s holdings will only become effective after 30 days’ notice to Unitholders of the applicable series of Units of the ETF.

All other rights attached to the Units of the ETF may only be modified, amended or varied in accordance with the terms of the Declaration of Trust. See “Unitholder Matters — Amendments to the Declaration of Trust”.

## **UNITHOLDER MATTERS**

### **Meetings of Unitholders**

Meetings of Unitholders of the ETF will be held if called by the Manager or upon the written request to the Manager of Unitholders of the ETF holding not less than 25% of the then outstanding Units of the ETF.

### **Matters Requiring Unitholder Approval**

NI 81-102 requires a meeting of Unitholders of the ETF to be called to approve certain changes described in NI 81-102. In the absence of an exemption, the Manager will seek Unitholder approval for any such change.

The Manager will also seek Unitholder approval of any matter which is required by the Declaration of Trust or by any agreement to be submitted to a vote of the Unitholders.

In addition, the auditors of the ETF may not be changed unless:

- (i) the IRC of the ETF has approved the change; and
- (ii) Unitholders have received at least 60 days' notice before the effective date of the change.

Approval of Unitholders of the ETF will be deemed to have been given if expressed by resolution passed at a meeting of Unitholders, duly called on at least 21-days' notice and held for the purpose of considering the same, by at least a majority of the votes cast.

### **Amendments to the Declaration of Trust**

If a Unitholder meeting is required to amend a provision of the Declaration of Trust, no change proposed at a meeting of Unitholders shall take effect until the Manager has obtained the prior approval of not less than a majority of the votes cast at such meeting of Unitholders or, if separate series meetings are required, at meetings of each series of Unitholders of the ETF.

Subject to any longer notice requirements imposed under securities legislation, the Trustee is entitled to amend the Declaration of Trust by giving not less than 30-days' notice to Unitholders affected by the proposed amendment in circumstances where:

- (a) the securities legislation requires that written notice be given to Unitholders before the change takes effect;
- (b) the change would not be prohibited by the securities legislation; or
- (c) the Trustee reasonably believes that the proposed amendment has the potential to adversely impact the financial interests or rights of the Unitholders, so that it is equitable to give Unitholders advance notice of the proposed change.

All Unitholders shall be bound by an amendment affecting the ETF from the effective date of the amendment.

The Trustee may amend the Declaration of Trust without the approval of or prior notice to any Unitholders, if the Trustee reasonably believes that the proposed amendment does not have the potential to adversely impact the financial interests or rights of Unitholders or that the proposed amendment is necessary to:

- (a) ensure compliance with applicable laws, regulations or policies of any governmental authority having jurisdiction over the ETF or the distribution of the Units;
- (b) remove any conflicts or other inconsistencies which may exist between any terms of the Declaration of Trust and any provisions of any applicable laws, regulations or policies affecting the ETF, the Trustee or its agents;
- (c) make any change or correction in the Declaration of Trust which is a typographical correction or is required to cure or correct any ambiguity or defective or inconsistent provision, clerical omission or error contained therein;
- (d) facilitate the administration of the ETF as a mutual fund trust or make amendments or adjustments in response to any existing or proposed amendments to the Tax Act or its administration which might otherwise adversely affect the tax status of the ETF or Unitholders;
- (e) protect the Unitholders; or
- (f) make any change or correction which is necessary or desirable for the purpose of bringing the Declaration of Trust into conformity with current market practice within the securities or investment fund industries or curing or correcting any administrative difficulty.

### **Permitted Mergers**

The ETF may, without Unitholders' approval, enter into a merger or other similar transaction which has the effect of combining the funds or their assets (a "**Permitted Merger**") with any other investment fund or funds that have investment objectives that are similar to the ETF's portfolio, subject to:

- (a) approval of the merger by the ETF's IRC in accordance with NI 81-107;
- (b) the ETF being reorganized with, or its assets being transferred to, another mutual fund to which NI 81-102 and NI 81-107 apply, and that is managed by the Manager, or an affiliate of the Manager;
- (c) compliance with certain other requirements of applicable securities legislation; and
- (d) Unitholders have received at least 60 days' notice which notice may be by way of press release, before the effective date of the Permitted Merger.

In connection with a Permitted Merger, the merging funds will be valued at their respective NAVs for the purpose of such transaction.

### **Reporting to Securityholders**

The Manager, on behalf of the ETF, will in accordance with applicable laws furnish to each Unitholder unaudited semi-annual financial statements and an interim management report of fund performance for the ETF within 60 days of the end of each semi-annual period and audited annual financial statements and an annual management report of fund performance for the ETF within 90 days of the end of each financial year. Both the semi-annual and the annual financial statements of the ETF will contain a statement of financial position, a statement of comprehensive income, a statement of changes in equity, a statement of cashflows and a statement of investment portfolio.

Any tax information necessary for Unitholders to prepare their annual federal income tax returns will also be distributed to them within 90 days after the end of each taxation year of the ETF. Neither the Manager nor the Registrar and Transfer Agent are responsible for tracking the adjusted cost base of a Unitholder's Units. Unitholders should consult with their tax or investment adviser in respect of how to compute the adjusted cost base of their Units and in particular how designations made by the ETF to a Unitholder affect the Unitholder's tax position.

The NAV per Unit will be determined by the Manager on each Trading Day and will usually be published daily in the financial press.

### **TERMINATION OF THE ETF**

The Manager may, in its discretion, terminate the ETF at any time without the approval of Unitholders if, in its opinion, it is no longer economically practical to continue the ETF and/or it would be in the best interests of the ETF to terminate the ETF. The Manager will provide at least 60 days' prior notice of such termination to Unitholders by way of press release. Upon such termination, the ETF will liquidate its assets and distribute to Unitholders on a *pro rata* basis after all liabilities of the ETF have been satisfied or appropriately provided for, and which will include cash and, to the extent liquidation of certain assets is not practicable prior to the termination date, such unliquidated assets *in specie* rather than in cash, subject to compliance with any securities or other laws applicable to such distributions. Following such distribution, the ETF will be dissolved.

### **PLAN OF DISTRIBUTION**

Units of the ETF are being offered for sale on a continuous basis by this prospectus and there is no maximum number of Units that may be issued. The Units are offered for sale at a price equal to the NAV of such series of Units determined at the Valuation Time on the effective date of the subscription order.

The Manager, on behalf of the ETF, has applied, or will apply, to list the Units of the ETF on the TSX. Listing is subject to the approval of the TSX in accordance with its original listing requirements. The TSX has not conditionally approved the Manager's listing application and there is no assurance that the TSX will approve the listing application. Subject to receiving conditional approval and satisfying the TSX's original listing requirements, the Units of the ETF will be listed on the TSX and investors will be able to buy or sell such Units on the TSX through registered brokers and dealers in the province or territory where the investors reside. Investors may incur customary brokerage



commissions in buying or selling Units. No fees are paid by investors to the Manager or the ETF in connection with buying or selling of Units on the TSX.

### **Non-Resident Unitholders**

At no time may (i) non-residents of Canada, (ii) partnerships that are not Canadian partnerships or (iii) a combination of non-residents of Canada and such partnerships (all as defined in the Tax Act) be the beneficial owners of a majority of the Units of the ETF (on either a number of Units, or fair market value basis) and the Manager shall inform the Registrar and Transfer Agent of the ETF of this restriction. The Manager may require declarations as to the jurisdictions in which a beneficial owner of Units is resident and, if a partnership, its status as a Canadian partnership. If the Manager becomes aware, as a result of requiring such declarations as to beneficial ownership or otherwise, that the beneficial owners of 40% of the Units of the ETF then outstanding (on either a number of Units, or fair market value basis) are, or may be, non-residents and/or partnerships that are not Canadian partnerships, or that such a situation is imminent, the Manager may make a public announcement thereof. If the Manager determines that more than 40% of the Units of the ETF (on either a number Units, or fair market value basis) are beneficially held by non-residents and/or partnerships that are not Canadian partnerships, the Manager may send a notice to such non-residents and/or partnerships, chosen in inverse order to the order of acquisition or in such manner as the Manager may consider equitable and practicable, requiring them to sell their Units or a portion thereof within a specified period of not less than 30 days. If the Unitholders, receiving such notice have not sold the specified number of Units, or provided the Manager with satisfactory evidence that they are not non-residents or partnerships other than Canadian partnerships within such period, the Manager may on behalf of such Unitholders, sell such Units and, in the interim, shall suspend the voting and distribution rights attached to such Units. Upon such sale, the affected holders shall cease to be beneficial holders of Units and their rights shall be limited to receiving the net proceeds of sale of such Units.

Notwithstanding the foregoing, the Manager may determine not to take any of the actions described above if the Manager has been advised by legal counsel that the failure to take any of such actions would not adversely impact the status of the ETF as a mutual fund trust, for purposes of the Tax Act or, alternatively, may take such other action or actions as may be necessary to maintain the status of the ETF as a mutual fund trust, for purposes of the Tax Act.

### **RELATIONSHIP BETWEEN THE ETF AND THE DEALERS**

The Manager, on behalf of the ETF, may enter into various agreements (each, a “**Dealer Agreement**”) with registered dealers (that may or may not be a Designated Broker) (each such registered dealer, a “**Dealer**”) pursuant to which the Dealers may subscribe for Units of the ETF as described under “Purchases of Units”. Such registered dealers may be related to the Manager. See “Organization and Management Details of the ETFs - Conflicts of Interest”.

A Dealer Agreement may be terminated by the registered dealer at any time by notice to the Manager, provided that, except in certain conditions, no such termination will be permitted after the registered dealer has subscribed for Units of the ETF and such subscription has been accepted by the Manager.

No Designated Broker or Dealer has been involved in the preparation of this prospectus, nor has it performed any review of the contents of this prospectus. The Designated Broker and Dealers do not act as underwriters of the ETF in connection with the distribution of its Units under this prospectus. See “Organization and Management Details of the ETF - Conflicts of Interest”.

### **PRINCIPAL HOLDERS OF UNITS**

The Manager currently holds one ETF US\$ Series Unit, one ETF C\$ Unhedged Series Units and one ETF C\$ Hedged Series Unit, comprising all of the currently issued and outstanding Units. From time to time, another investment fund managed by the Manager or an affiliate thereof, may beneficially own, directly or indirectly, more than 10% of the Units.

### **PROXY VOTING DISCLOSURE FOR PORTFOLIO SECURITIES HELD**

The ETF is not expected to hold portfolio securities; nevertheless, the Manager has a Proxy Voting Policy and Guidelines (the “**Guidelines**”) that have been designed to provide general guidance, in compliance with the applicable legislation, for the voting of proxies. The Guidelines set out the voting procedures to be followed in voting routine

and non-routine matters, together with general guidelines suggesting a process to be followed in determining how and whether to vote proxies. Although the Guidelines allow for the creation of a standing policy for voting on certain routine matters, each routine and non-routine matter must be assessed on a case-by-case basis to determine whether the applicable standing policy or general Guidelines should be followed. The Guidelines also address situations in which the Manager may not be able to vote, or where the costs of voting outweigh the benefits. If the ETF is invested in an underlying fund that is also managed by the Manager, the proxy of the underlying fund will not be voted by the Manager. However, the Manager may arrange for the Unitholders to vote their share of those securities. A copy of the Guidelines is available upon request, at no cost, by calling the Manager toll-free at 1-800-792-9355 or by writing to the Manager at 2 Queen Street East, 20<sup>th</sup> Floor, Toronto, Ontario M5C 3G7.

After August 31 of each year, Unitholders may obtain upon request to the Manager, free of charge, the proxy voting records of the ETF, if any, for the year ended June 30 for that year. These documents also will be made available on the Manager's website, [www.firstasset.com](http://www.firstasset.com).

### **MATERIAL CONTRACTS**

The following contracts can reasonably be regarded as material to purchasers of Units:

- (a) the Declaration of Trust;
- (b) the Subadvisor Agreement;
- (c) the Custodian Agreement; and
- (d) the Sub-Custodian Agreement.

Copies of the foregoing documents, after the execution thereof, may be inspected during business hours at the principal office of the ETF during the course of distribution of the Units offered hereby and will be available at [www.sedar.com](http://www.sedar.com).

### **LEGAL AND ADMINISTRATIVE PROCEEDINGS**

The ETF is not involved in any legal proceedings, nor is the Manager aware of existing or pending legal or arbitration proceedings involving the ETF.

### **EXPERTS**

Ernst & Young LLP, the auditors of the ETF, have consented to the use of their report dated ●, 2021 to the unitholders of the ETF. Ernst & Young LLP has confirmed that they are independent with respect to the ETF within the meaning of the Rules of Professional Conduct of the Chartered Professional Accountants of Ontario.

### **EXEMPTIONS AND APPROVALS**

The ETF has obtained exemptive relief from the Canadian securities regulatory authorities:

- (a) to permit a Unitholder to acquire more than 20% of the Units through purchases on the TSX without regard to the takeover bid requirements of applicable Canadian securities legislation;
- (b) to relieve the ETF from the requirement that a prospectus contain a certificate of the underwriters;
- (c) to permit the Manager to call meetings of the ETF using the Notice-and-Access Procedure as permitted by the terms of the relief.

### **OTHER MATERIAL FACTS**

#### **Management of the ETF**

The Manager may, at any time and without seeking Unitholder approval, assign the Declaration of Trust or the Management Agreement, as applicable, to an affiliate.

## **PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION**

Securities legislation in certain of the provinces and territories of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment. In several of the provinces and territories, the securities legislation further provides a purchaser with remedies for rescission, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for the particulars of these rights or consult with a legal adviser.

## **DOCUMENTS INCORPORATED BY REFERENCE**

Additional information about the ETF is, or will be, available in the following documents:

- (a) the most recently filed comparative annual financial statements of the ETF, together with the accompanying reports of the auditor;
- (b) any interim financial statements of the ETF filed after those annual financial statements;
- (c) the most recently filed annual management reports of fund performance of the ETF;
- (d) any interim management reports of fund performance of the ETF filed after that most recently filed annual management reports of fund performance of the ETF; and
- (e) the most recently filed ETF Facts of the ETF.

These documents are or will be incorporated by reference into this prospectus, which means that they legally form part of this document just as if they were printed as part of this document. You can obtain a copy of these documents, at your request, and at no cost, by calling: 1-800-792-9355 (toll free) or by contacting your dealer. These documents are available at no cost on the ETF's website at [www.firstasset.com](http://www.firstasset.com). These documents and other information about the ETF will also be available on the internet at [www.sedar.com](http://www.sedar.com).

In addition to the documents listed above, any documents of the type described above that are filed on behalf of the ETF after the date of this prospectus and before the termination of the distribution of the ETF are deemed to be incorporated by reference into this prospectus.

## INDEPENDENT AUDITOR'S REPORT

To the Unitholder and Trustee of  
CI Galaxy Bitcoin ETF (the "ETF")

### Opinion

We have audited the financial statement of the ETF, which comprises the Statement of Financial Position as at ●, 2021 and notes to the financial statement, including a summary of significant accounting policies.

In our opinion, the accompanying financial statement presents fairly, in all material respects, the financial position of the ETF as at ●, 2021 in accordance with those requirements of International Financial Reporting Standards (IFRS) relevant to preparing such financial statement.

### Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of our report. We are independent of the ETF in accordance with the ethical requirements that are relevant to our audit of the financial statement in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of the financial statement in accordance with those requirements of IFRSs relevant to preparing such financial statement, and for such internal control as management determines is necessary to enable the preparation of a financial statement that is free from material misstatement, whether due to fraud or error.

In preparing the financial statement, management is responsible for assessing the ETF's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the ETF or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the ETF's financial reporting process.

### Auditor's Responsibilities for the Audit of the Financial Statement

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial statement.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statement, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the ETF's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ETF's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statement or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the ETF to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statement, including the disclosures, and whether the financial statement represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Canada  
●, 2021

●  
Chartered Professional Accountants  
Licensed Public Accountants

**CI GALAXY BITCOIN ETF  
STATEMENT OF FINANCIAL POSITION**

**As at ●, 2021**

	<u>Actual</u> <u>(US\$)</u>
<b>ASSETS</b>	
Cash	\$●
Investment in portfolio securities	-
<b>TOTAL</b>	<u>\$●</u>
 <b>NET ASSETS ATTRIBUTABLE TO HOLDER OF REDEEMABLE UNIT</b>	
Net assets attributable to holder of redeemable unit (1 ETF US\$ Series Unit)	\$●
Net assets attributable to holder of redeemable unit (1 ETF C\$ Unhedged Series Unit)	\$●
Net assets attributable to holder of redeemable unit (1 ETF C\$ Hedged Series Unit)	<u>\$●</u>
 <b>NET ASSET VALUE PER UNIT</b>	<u>\$●</u>

**Approved by the Manager:**

**CI INVESTMENTS INC.**

●  
Director

●  
Director

**CI GALAXY BITCOIN ETF  
NOTES TO STATEMENT OF FINANCIAL POSITION**

●, 2021

**1. 1. General Information**

The ETF is an exchange traded mutual fund established under the laws of the Province of Ontario, pursuant to the terms of the Declaration of Trust. The ETF is a mutual fund under the securities legislation of the provinces and territories of Canada. CI Investments Inc. is the promoter, trustee and manager of the ETF and is responsible for the administration of the ETF.

The principal office of the ETF and CI Investments Inc. Inc. is located at 2 Queen Street East, 20th Floor, Toronto, Ontario M5C3G7.

The financial statement as at ●, 2021 was authorized for issue by the Manager on ●, 2021.

**2. Summary of Significant Accounting Policies**

The principal accounting policies applied in the preparation of the financial statement are set out below.

*2.1 Basis of Preparation*

The financial statement of the ETF has been prepared in accordance with International Financial Reporting Standards (IFRS), as issued by the International Accounting Standards Board (IASB), relevant to preparing a statement of financial position. The financial statement of the ETF has been prepared under the historical cost convention.

*2.2 Functional and Presentation Currency*

The financial statement of the ETF is presented in U.S. dollars, which is the functional and presentation currency of the ETF.

*2.3 Financial Instruments*

The ETF recognizes financial instruments at fair value upon initial recognition, plus transaction costs in the case of financial instruments measured at amortized cost. Regular way purchases and sales of financial assets are recognized at their trade date.

Cash comprises amounts held in trust with the legal counsel of the ETF and is stated at fair value.

*2.4 Redeemable Units*

The ETF is authorized to issue an unlimited number of series of redeemable, transferable units, each of which represents an undivided interest in the net assets of that series of the ETF (the “Units”). The Units are classified as financial liabilities in accordance with the requirements of International Accounting Standard 32, Financial Instruments: Presentation.

**3. Fair Value**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The carrying values of cash and the obligation of the ETF for net assets attributable to holders of redeemable units approximate their fair values due to their short-term nature.

**4. Risks associated with financial instruments**

The ETF's overall risk management program seeks to maximize the returns derived for the level of risk to which the ETF is exposed and seeks to minimize potential adverse effects on the ETF's financial performance.

#### 4.1 *Credit risk*

The ETF is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. As at ●, 2021, the credit risk is considered limited as the cash balance was held in trust by counsel to the ETF.

#### 4.2 *Liquidity risk*

Liquidity risk is the risk that the ETF will encounter difficulty in meeting obligations associated with financial liabilities. The ETF maintains sufficient cash on hand to fund anticipated redemptions.

### 5. **Capital Risk Management**

The capital of the ETF is represented by the net assets attributable to holders of Units. The amount of net assets attributable to holders of redeemable units can change.

### 6. **Authorized units**

The ETF is authorized to issue an unlimited number of redeemable, transferable Units, each of which represents an undivided interest in the net assets of the ETF.

Each Unit entitles the owner to one vote at meetings of Unitholders and is entitled to participate equally with all other Units with respect to all payments made to Unitholders, other than management fee distributions, including distributions of net income and net realized capital gains and, on liquidation, to participate equally in the net assets of the ETF remaining after satisfaction of any outstanding liabilities that are attributable to Units. All Units are fully paid, with no liability for future assessments, when issued and will not be transferable except by operation of law.

In accordance with the objectives outlined in Note 1 and the risk management policies in Note 4, the ETF endeavours to invest the subscriptions received in appropriate investments while maintaining sufficient liquidity to meet redemptions.

The Manager has initially purchased one Unit of the ETF.

### 7. **Management Fees and other expenses**

An annual management fee (the "**Management Fee**") of ●% of the Net Asset Value of the ETF, calculated daily and payable monthly in arrears, plus applicable taxes, will be paid to the Manager.

The Management Fee compensates the Manager for services it provides to the ETF including, without limitation and as applicable: investment advisory and portfolio management services, implementation of the ETF's investment strategies, negotiating contracts with certain third-party service providers, including, but not limited to, subadvisors, custodians, sub-custodians, registrars, transfer agents, auditors and printers; authorizing the payment of operating expenses incurred on behalf of the ETF; maintaining certain accounting and financial records; calculating the amount and determining the frequency of distributions, if any, by the ETF; ensuring that Unitholders are provided with financial statements and other reports as are required from time to time by applicable law; ensuring that the ETF complies with all other regulatory requirements including continuous disclosure obligations under applicable securities laws; administering purchases, redemptions and other transactions in Units; and arranging for any payments required upon termination of the ETF.

The Subadvisor of the ETF is remunerated by the Manager out of the Management Fee



In addition to the Management Fee, the ETF pays for all ordinary expenses incurred in connection with its operation and administration. Unless otherwise waived or reimbursed by the Manager, and subject to compliance with NI 81-102, it is expected that the expenses for the ETF will include, as applicable, without limitation: all costs and expenses associated with the execution of transactions in respect of the ETF's investment in bitcoin; audit fees; fees payable to third-party service providers; trustee and custodial expenses including fees payable to the Custodian and Sub-Custodian; valuation, accounting and record keeping costs; legal expenses; prospectus preparation and filing expenses; costs associated with delivering documents to Unitholders; listing fees and expenses and other administrative expenses and costs incurred in connection with the continuous public filing requirements; costs and expenses of preparing financial and other reports, costs and expenses arising as a result of complying with all applicable laws, regulations and policies; Depositary fees; bank related fees and interest charges; extraordinary expenses; reports to Unitholders and servicing costs; registrar and transfer agent fees; fees and expenses of the members of the Independent Review Committee (the "IRC"); expenses related to compliance with National Instrument NI 81-107 *Independent Review Committee for Investment Funds*; fees and expenses relating to the voting of proxies by a third party; premiums for directors' and officers' insurance coverage for the members of the IRC; income taxes; all applicable sales taxes; brokerage expenses and commissions; and withholding taxes. Such expenses will also include expenses of any action, suit or other proceedings in which or in relation to which the Manager, the Subadvisor, the Custodian, the Sub-Custodian the IRC and/or any of their respective officers, directors, employees, consultants or agents is entitled to indemnity by the ETF.

**CERTIFICATE OF THE ISSUER, MANAGER AND PROMOTER**

Dated: February 16, 2021

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities offered by this prospectus as required by the securities legislation of each of the provinces and territories of Canada.

**CI INVESTMENTS INC**

(as Manager and Promoter of the ETF and on behalf of the ETF)

(Signed) Douglas J. Jamieson  
President, acting as Chief Executive Officer

(Signed) David Poster  
Chief Financial Officer

**On behalf of the Board of Directors of  
CI INVESTMENTS INC.**

(Signed) Darie Urbanky  
Director

(Signed) Edward Kelterborn  
Director